CERTIFICATE.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1906.

No. 196.

WILLIAM F. KESSLER

vs.

GEORGE S. ELDRED.

ON A CERTIFICATE FROM THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

FILED FEBRUARY 2, 1906.

(20,076.)

(20,076.)

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1906.

No. 196.

WILLIAM F. KESSLER

vs.

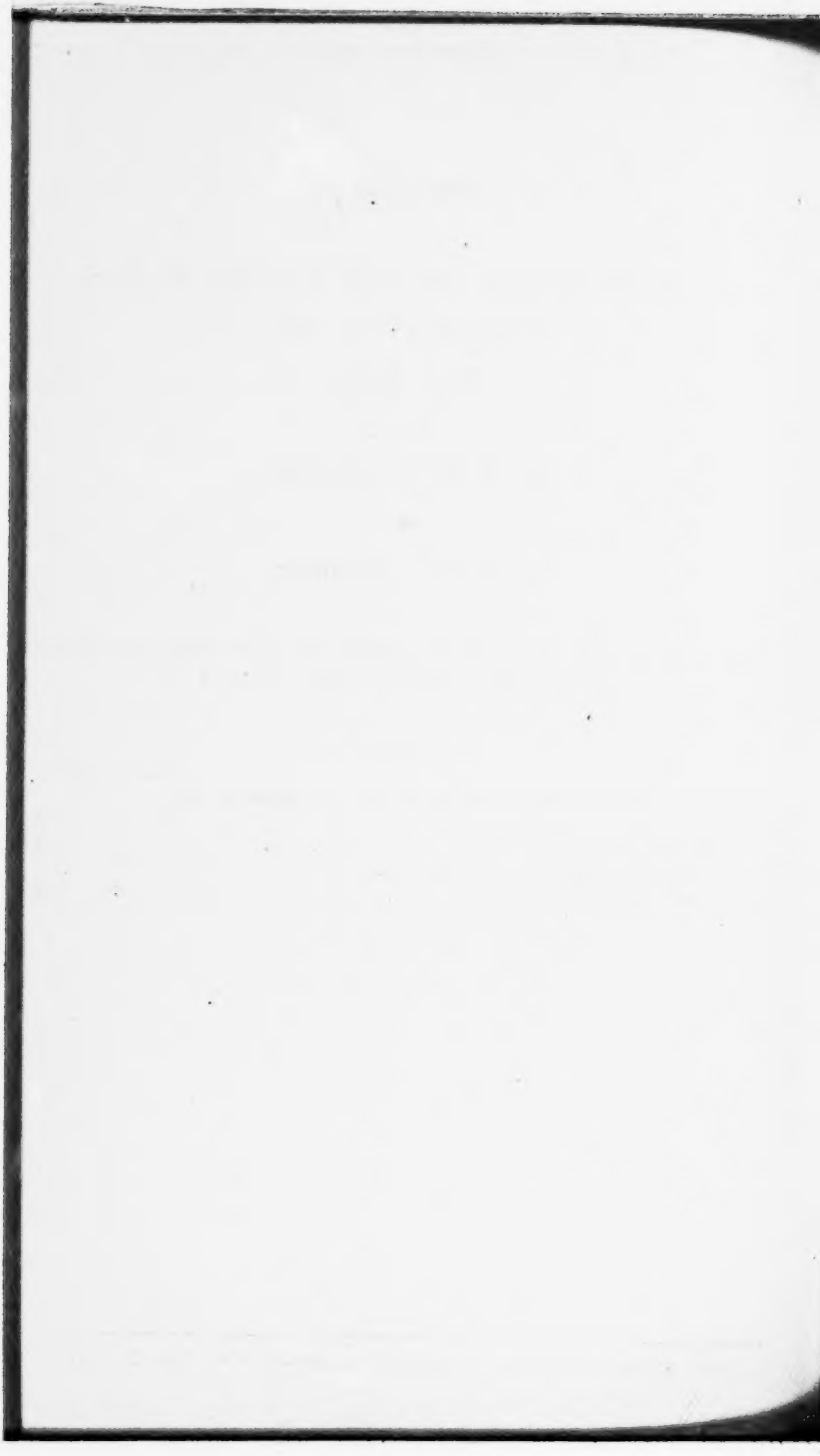
GEORGE S. ELDRED.

ON A CERTIFICATE FROM THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

INDEX.

	Original.	Print.
Certificate from the United States circuit court of appeals for the seventh circuit	1	1
Statement of facts	1	1
Questions certified	2	2
Judges' certificate	3	2

JUDD & DETWEILER (INC.), PRINTERS, WASHINGTON, D. C., JULY 23, 1906.



1 In the United States Circuit Court of Appeals for the Seventh Circuit, October Term, 1905, October Session, 1905.

No. 1181.

WILLIAM F. KESSLER, Appellant,
vs.
GEORGE S. ELDRED, Appellee.

Appeal from the Circuit Court of the United States for the Northern District of Illinois, Northern Division.

In this case, duly argued and submitted to this court, there arise questions of law concerning which the court desires the instruction and advice of the Supreme Court of the United States.

Kessler, a citizen of Indiana, prior to 1898 had built up an extensive business in the manufacture and sale of electric cigar-lighters and had customers throughout the United States. Eldred, a citizen of Illinois and an inhabitant of the Northern District, was the owner of patent no. 492913, issued to Chambers on March 7, 1893, for an electric lamp-lighter. Eldred was a competitor of Kessler's and manufactured a similar form of lighter (entirely dissimilar from that described in the Chambers patent), so that it was not a matter of much importance to customers which lighter they bought. In 1898 Eldred began a suit against Kessler in the District of Indiana for infringement of the Chambers patent. The bill alleged that Kessler's manufacture and sale of the Kessler lighter infringed all the claims. The answer denied that the Kessler lighter infringed any of the Chambers claims. On final hearing the Circuit Court found for Kessler on the issue of non-infringement, and dis-
2 missed the bill. That decree was affirmed in 1900 by the Circuit Court of Appeals for the Seventh Circuit. Eldred *v.* Kessler, 106 Fed. 509.

Subsequently Eldred brought suit on the same patent in the Northern District of New York against Kirkland, who was selling a similar lighter, but not of Kessler's make. The Circuit Court found for Kirkland on the issue of non-infringement, and dismissed the bill. The Circuit Court of Appeals for the Second Circuit reversed that decree and held the Kirkland lighter to be an infringement. Eldred *v.* Kirkland, 130 Fed. 342.

In June, 1904, Eldred filed a bill for infringement of the same patent in the Western District of New York against Breitwieser, user of Kessler lighters which were identical with those held in Eldred *v.* Kessler to be no infringement of the Chambers patent. Many of Kessler's customers were intimidated by the Breitwieser suit so that they ceased to send in further orders for lighters and refused to pay their accounts for lighters already sold and delivered to them. Kessler assumed the defense of the Breitwieser suit and will be compelled in the proper discharge of his duty to his customers to assume the

burden and expense of all suits which may be brought by Eldred against other customers. In this state of affairs, Kessler, a citizen of Indiana, in July, 1904, filed a bill against Eldred in the Circuit Court for the Northern District of Illinois, the state and district of Eldred's citizenship and residence, to enjoin Eldred from prosecuting any suit in any court of the United States against anyone for alleged infringement of the Chambers patent by purchase, use or sale of any electric cigar-lighter manufactured by Kessler and identical with the lighter in evidence before the Circuit Court for the District of Indiana and the Circuit Court of Appeals for the Seventh Circuit in the trial and adjudication of the suit of Eldred against Kessler. From an adverse decree by the Circuit Court, Kessler perfected an appeal to this court.

Upon the foregoing facts the questions of law concerning which this court desires the instruction and advice of the Supreme Court are these:

First. Did the decree in Kessler's favor, rendered by the Circuit Court for the District of Indiana in the suit of Eldred against Kessler, have the effect of entitling Kessler to continue the business of manufacturing and selling throughout the United States the same lighter he had theretofore been manufacturing and selling, without molestation by Eldred through the Chambers patent?

3 Second. Did the decree mentioned in the first question have the effect of making a suit by Eldred against any customer of Kessler's for alleged infringement of the Chambers patent by use or sale of Kessler's lighters a wrongful interference by Eldred with Kessler's business?

Third. Did Kessler's assumption of the defense of Eldred's suit against Breitwieser deprive Kessler of the right, if that right would otherwise exist, of proceeding against Eldred in the state and district of his citizenship and residence for wrongfully interfering with Kessler's business?

Fourth. If Eldred's acts were wrongful, had Kessler an adequate remedy at law?

These questions the court this day orders certified and submitted to the Supreme Court of the United States.

PETER S. GROSSCUP,
FRANCIS E. BAKER,
WM. H. SEAMAN,
Circuit Judges.

[Seal United States Circuit Court of Appeals, Seventh Circuit.]

Chicago, January 2, 1906.

Endorsed on cover: File No. 20,076. U. S. circuit court appeals, 7th circuit. Term No. 196. William F. Kessler *vs.* George S. Eldred. (Certificate.) Filed February 2d, 1906. File No. 20,076.

FILE COPY.

Office Supreme Court, U. S.
FILED.
JAN 23 1907
JAMES H. McKENNEY
CLERK

Supreme Court of the United States.

WILLIAM F. KESSLER,
Appellant,

vs.

GEORGE S. ELDRED,
Appellee.

No. 196.

BRIEF FOR THE APPELLANT

ROBERT S. TAYLOR,
ELWIN M. HULSE,
Counsel for Kessler.

Eastman Bros., Law Printers, 358 Dearborn St., Chicago.

Supreme Court of the United States

WILLIAM F. KESSLER,
Appellant,

vs.

GEORGE S. ELDRED,
Appellee.

No. 196.

BRIEF FOR THE APPELLANT.

This case comes to this court upon a request by the United States Circuit Court of Appeals for the Seventh Circuit for instruction and advice upon certain questions presented in it.

It would be impossible to state the facts upon which the questions arise, or the questions themselves more concisely or distinctly than they are stated in the request certified to this court by the Court of Appeals which constitutes the record here, and we therefore set it out in full as our statement of the case.

> " Kessler, a citizen of Indiana, prior to 1898 had built up an extensive business in the manufacture and sale of electric cigar-lighters and had customers throughout the United States. Eldred, a citizen of Illinois and an inhabitant of the Northern District, was the owner of patent No. 492913, issued to Chambers on March 7, 1893, for an electric lamp-

lighter. Eldred was a competitor of Kessler's and manufactured a similar form of lighter (entirely dissimilar from that described in the Chambers patent), so that it was not a matter of much importance to customers which lighter they bought. In 1898 Eldred began a suit against Kessler in the District of Indiana for infringement of the Chambers patent. The bill alleged that Kessler's manufacture and sale of the Kessler lighter infringed all the claims. The answer denied that the Kessler lighter infringed any of the Chambers claims. On final hearing the Circuit Court found for Kessler on the issue of non-infringement, and dismissed the bill. That decree was affirmed in 1900 by the Circuit Court of Appeals for the Seventh Circuit. *Eldred* v. *Kessler*, 106 Fed. 509.

"Subsequently Eldred brought suit on the same patent in the Northern District of New York against Kirkland, who was selling a similar lighter, but not of Kessler's make. The Circuit Court found for Kirkland on the issue of non-infringement, and dismissed the bill. The Circuit Court of Appeals for the Second Circuit reversed that decree and held the Kirkland lighter to be an infringement. *Eldred* v. *Kirkland*, 130 Fed. 342.

"In June, 1904, Eldred filed a bill for infringement of the same patent in the Western District of New York against Breitwieser, user of Kessler lighters which were identical with those held in *Eldred* v. *Kessler* to be no infringement of the Chambers patent. Many of Kessler's customers were intimidated by the Breitwieser suit so that they ceased to send in further orders for lighters and refused to pay their accounts for lighters already sold and delivered to them. Kessler assumed the defense of the Breitwieser suit and will be compelled in the proper discharge of his duty to his customers to assume the burden and expense of all suits which may be brought by Eldred against other customers. In this state of affairs, Kessler, a citizen of Indiana, in July, 1904, filed a bill against Eldred in the Circuit Court for the Northern District of Illinois, the

state and district of Eldred's citizenship and residence, to enjoin Eldred from prosecuting any suit in any court of the United States against anyone for alleged infringement of the Chambers patent by purchase, use or sale of any electric cigar-lighter manufactured by Kessler and identical with the lighter in evidence before the Circuit Court for the District of Indiana and the Circuit Court of Appeals for the Seventh Circuit in the trial and adjudication of the suit of Eldred against Kessler. From an adverse decree by the Circuit Court, Kessler perfected an appeal to this court.

"Upon the foregoing facts the questions of law concerning which this court desires the instruction and advice of the Supreme Court are these:

"First. Did the decree in Kessler's favor, rendered by the Circuit Court for the District of Indiana in the suit of Eldred against Kessler, have the effect of entitling Kessler to continue the business of manufacturing and selling throughout the United States the same lighter he had theretofore been manufacturing and selling, without molestation by Eldred through the Chambers patent?

"Second. Did the decree mentioned in the first question have the effect of making a suit by Eldred against any customer of Kessler's for alleged infringement of the Chambers patent by use or sale of Kessler's lighters a wrongful interference by Eldred with Kessler's business?

"Third. Did Kessler's assumption of the defense of Eldred's suit against Breitwieser deprive Kessler of the right, if that right would otherwise exist, of proceeding against Eldred in the state and district of his citizenship and residence for wrongfully interfering with Kessler's business?

"Fourth. If Eldred's acts were wrongful, had Kessler an adequate remedy at law?"

So far as we know, there is no case answering in terms the first question stated; and we believe that counsel on the other side have found none. That fact appears to us to be a cogent argument in behalf of the appellant. There

have been many infringement suits by patentees against manufacturers in which the defense of invalidity or non-infringement has been set up. In many of those suits—more than half of them, according to a study made by us a few years ago—the defendant has prevailed. In not one instance, so far as known, has the patentee, after such a defeat, made any attempt to follow the manufacturer's customers, prior to the present case. This fact, if it is so, as we believe, is such a universal recognition of the finality of a decree in favor of the manufacturer that it ought to settle the question.

But if this were not so, and this were the first case of its kind, the question ought not to be doubtful.

The decree in Kessler's favor in Eldred's infringement suit against him settled finally between them all the questions litigated in that case. That means all the questions put in issue by the pleadings. The bill charged infringement of all the claims by making and selling. The answer denied broadly infringement of any of the claims. That put in issue the question of infringement of each and every claim. The court found for the defendant. That meant that the Kessler lighter did not infringe any of the claims; and as he was charged in the bill with making and selling, the decree meant that Kessler, in making and selling his lighter, was invading no right of Eldred under his patent; which is to say that, as against any claim of Eldred under his patent Kessler had a right to make and sell his lighter.

The right conferred upon a patentee is to exclude others from manufacture, use or sale of his invention. He can surrender that right in favor of a particular person by license. Such a surrender in general, unlimited and unconditional terms, puts the licensee where he would

be if no patent had ever existed. Such a license to a manufacturer to make and sell would be, in effect, a license to the purchaser to use.

A reservation by the licensor of a right to prohibit the use of the thing by the buyer would be inconsistent with the license. Of course, such a thing might be as a license to one to manufacture and sell and a separate license to others to use; and a contract expressly so providing would doubtless be enforced according to its terms. But in the case of a simple license to manufacture and sell the right of the buyer to use would follow, or the license would be valueless to the licensee.

Upon this point there is some authority. In *Withington-Cooley Mfg. Co.* v. *Kinney* (C. C. A., Sixth Circuit), 68 Fed., 500, the question arose upon an implied license. In that case Kinney, while in the employ of one Babcock, invented a power press to be used in the manufacture of forks and hoes, for which he obtained a patent to himself. The suit was upon that patent against a buyer and user who had purchased from Babcock. The court held (1) that Babcock had an implied license to manufacture the machine; and (2) that as Babcock was a manufacturer of the machines for sale, and not a user, the implied license must be construed as a license to sell, and inure to the benefit of the buyer, and so protect him from suit by the patentee.

In 2 Robinson on Patents, 1st Ed., Sec. 811, it is said:

> " Where the express words of the license embrace only the right to make, and the other rights are necessary to enable the licensee to derive any advantage from the license, the presumption that the licensor intended that the right conveyed should be beneficial to the licensee controls the interpretation of the license, and extends it to include the right to

> use or sell, rather than permit it to be practically void. Thus a license to make the invention, conferred upon a licensee in whose business the thing made is ordinarily employed, carries by implication a right to use it when constructed. A similar license to a manufacturer of articles for sale, who has no use for this particular article when made, authorizes him to sell as well as make it."

Similarly in *Steam Cutter Co.* v. *Sheldon,* 10 Blatch., 1:

> "If a party engaged exclusively in the construction of machines of various kinds, for sale to others, where to receive a license to manufacture a patented machine, for a consideration presently paid to the patentee, a construction which would deny him all opportunity to make the privilege of any value, forbidding his sale of the machines when manufactured, should be very clearly imported by the licensee, or the court would hold that the parties meant that he should derive some benefit from the license, and not be left thereafter wholly dependent on the will of the patentee."

In *Keeler* v. *The Standard Folding Bed Co.,* 157 U. S., 659, the patentee had granted a license to The Standard Folding Bed Company for the State of Massachusetts and to the Welch Folding Bed Company for the State of Michigan. Keeler purchased a carload of beds from the last named company at Grand Rapids, Michigan, shipped them to Boston, Massachusetts, and proceeded to sell them. The Standard Folding Bed Company, conceiving this to be an invasion of its rights under its license, brought the suit. It was held by the court that the Michigan licensee, having a right to sell the beds in Michigan, vested in the purchaser a title to the property free from all claim by anybody under the patent. All the prior cases touching upon the question are reviewed in

the opinion, and the result summed up by the court on page 666 as follows:

> "This brief history of the cases shows that in *Wilson* v. *Rousseau*, 4 How., 646, and cases following it, it was held that, as between the owner of a patent on the one side, and a purchaser of an article made under the patent on the other, the payment of a royalty once, *or, what is the same thing, the purchase of the article from one authorized by the patentee to sell it, emancipates such article from any further subjection to the patent* throughout the entire life of the patent, even if the latter should be by law subsequently extended beyond the term existing at the time of the sale, and that in resepct of *the time* of enjoyment, by those decisions the right of the purchaser, his assigns or legal representatives, is clearly established to be entirely free from any further claim of the patentee or any assignee."

This case was followed in the Eighth Circuit by *Jackson* v. *Vaughan*, 73 Fed., 837, in which the following language is used:

> "Before noticing that case, it may be well to refer to a few propositions of patent law established by the supreme court, which are important in this controversy. In the first place, it is now well settled *that one who buys patented articles of manufacture from one authorized to sell them at the place where they are sold becomes possessed of an absolute property in such articles, unrestricted in time or place.*"

Now a decree in favor of a manufacturer to the effect that his manufacture and sale of a given article are not an infringement of the patent has all the force of a license, and more too. In the place of the voluntary transfer by the patentee of his exclusive right to make and sell it puts into the hands of the manufacturer the unimpeachable judgment of the law that he, the patentee, has no such exclusive right. Such judgment means that the non-

infringing article does not embody the elements of the invention. That being so, there could be no infringement in using it.

The manufacturer of an article has an interest of his own in the buyer's right to use it. Unless the buyer has a right to use it, it is not worth while for him to make it for sale. The right of the buyer to use is a proper thing to be adjudicated between the patentee and the manufacturer. And it is adjudicated by a decree establishing the manufacturer's right to make and sell. Such a decree imports, *as between the patentee and the manufacturer,* that the buyers will be entitled to use. And it is the patentee and the manufacturer who are here to be considered; not the users. In the arguments below counsel treated this case as though it were one between the patentee and the user. They built their reasoning on the proposition that Kessler's decree created no estoppel against Eldred in favor of a user of the Kessler lighter for want of mutuality. It was said that if the decision in Eldred's infringement suit had been the other way, he could not have set up his judgment against Kessler as an estoppel against Kessler's customer; and hence, as estoppels must be mutual, Kessler's customer could not set up Kessler's judgment as an estoppel.

But this argument misses the mark for two reasons. First, this is not a case between patentee and user. Kessler brings this suit *for his own benefit;* not that of his customers. It is to protect his own business. He does not rely upon any estoppel between Eldred and his customers, but upon the estoppel between Eldred and himself. Undoubtedly, the effect of the injunction which he asks for will be to protect his customers against suit by Eldred. But this suit is none the less *his suit* for the pro-

tection of *his business* in the right to immunity from interference by Eldred under the Chambers patent secured to him by the decree in his favor in Eldred's infringement suit.

In the next place, if a customer could defend against a suit by Eldred for infringement by use, as we believe he could, it would not be on the ground of an estoppel by judgment between himself and Eldred, but on the ground of Kessler's right, established by the decree, to manufacture and sell. He would have a right to use, because he bought from a man who had a right to sell. It is a case to which the language of the court in *Keeler* v. *Standard Folding Bed Co.,* cited above has an exact application—

> " The purchase of the article from one authorized by the patentee to sell it emancipates such articles from any further subjection to the patent."

And in *Jackson* v. *Vaughan,* also cited above:

> "One who buys patented articles of manufacture *from one authorized to sell them* at the place where they are sold becomes possessed of an absolute property in such articles, unrestricted in time or place."

It is true that in these cases the right of the manufacturer to sell was derived from a license given by the patentee. But, as we have pointed out, an adjudication establishing the manufacturer's right to make and sell is the full equivalent of a license.

While, as we have said, there is no case that we know of, holding directly that a judgment in the manufacturer's favor on an issue of validity or infringement entitles him to proceed with his business, and protects him and his customers against interference by the patentee in respect to the thing covered by the decree, there are cases which impliedly recognize that principle.

Thus in *Ide* v. *Ball Engine Co.*, 31 Fed., 901, the defendant, who was a manufacturer, immediately upon the filing of a bill against him by the patentee, and before the filing of an answer, applied by petition to the court for an injunction restraining the complainant from bringing suit against his (the defendant's) customers until the determination of the suit against him (the manufacturer). The injunction was granted. The court said in the opinion:

> "If the Ide patent is valid, and the Ball patent infringes upon the rights secured to complainant, that fact can be determined at an early day by the complainant's prompt prosecution of his pending suit against the defendants. If some inconvenience or injury to complainant is caused in the meantime by the use of goods in the manufacture of which his patent was infringed, it is better that he submit than that the courts be flooded with suits against the users. Public policy would seem to favor the rule that litigation for the purpose of ascertaining and sustaining the validity of a patent should be between the patentee and alleged infringing manufacturers. . . . To the extent of restraining complainant from prosecuting suits against the purchasers or users of the Ball engine until the pending litigation involving the validity of the several patents terminates, the order will be granted."

In *National Cash Register Co.* v. *Boston Cash Indicator and Recorder Co.*, 41 Fed., 51, Judge COLT sustained the petition by the defendant, who was a manufacturer, for an injunction restraining the complainant from bringing further suits against purchasers of the patented article pending the litigation. He said:

> "The power of a court of equity, by petition in the main suit against a manufacturer, to restrain a complainant from bringing further suits against the purchasers or users of a patented article, seems

to be recognized in this country and to be founded upon sound principles of equity."

In *Allis* v. *Stowell*, 16 Fed., 783, such a petition by a manufacturer against whom suit was pending was denied upon the ground that it did not sufficiently appear that all the machines in controversy in the pending suits sought to be enjoined were manufactured by the petitioner and were the same machines involved in the suit against the manufacturer. But the proposition that a manufacturer is entitled to enjoin a patentee who has sued him, against the prosecution of suits against his customers for infringement by the use of machines *sold to them by him and identical with the machines for which the patentee has sued him*, is distinctly recognized. The following is from the opinion:

> "But, apart from this phase of the question, I am of the opinion that to prevent a multiplicity of suits the court may, in a proper case and upon a proper showing, require the prosecution of suits between the patentee and the mere users of a patented machine to be suspended, and to await the result of a suit pending between the patentee and the principal infringer from whom the user purchased the machine."

The case of *Kelly* v. *Ypsilanti Dress-Stay Mfg. Co.*, 44 Fed., 19, makes a similar distinction. In that case the manufacturer's application for injunction was denied, for reasons stated, but with the following recognition of the general principles involved:

> "There would seem to be, however, no objection to the court in which such actions are brought staying proceedings in them until the validity of plaintiff's patent and the infringement of the defendant had been judicially ascertained in one of the principal suits; and, perhaps, in an aggravated case of threatened irreparable injury to defendant's business, or, if there were any evidence of malice, op-

> pression, or bad faith on the part of the plaintiff, the court might enjoin temporarily the commencement of new suits."

These cases are not cited here to the proposition that a manufacturer is entitled to compel by injunction a patentee who has sued him to await the result of that suit before proceeding against his customer. As to that proposition they have been subjected to some criticism in subsequent cases, in view, principally, of the decision in *Birdsell* v. *Shalliol*, 112 U. S., 485, that a judgment *in favor* of a patentee against a manufacturer does not necessarily preclude him from subsequent suit and relief against a customer. But these cases all *assume* that the judgment in the suit against the manufacturer *may* conclude the patentee's rights as against customers of the manufacturer as well as against him. Now, if the law were that the patentee, notwithstanding judgment against him on the issue of validity or infringement in his suit against the manufacturer, could sue the user for infringement of the same patent by use of the same article purchased from the same manufacturer, a proposition to enjoin him against bringing such suits pending his suit against the manufacturer would be too absurd to be entertained for a moment.

Of course, the presence of an underlying assumption like this is not a decision of the question. But it means something. It is like the assumption which the patentees make when, after defeat at the hands of the manufacturer they let his customers alone. In a case like this, where no express decision is to be found, it is a consideration of much weight that citizens and courts alike have tacitly treated judgments in favor of the manufacturer as putting the questions decided at rest.

It need hardly be said that there is peculiar reason why the principles which we are maintaining should be applied

in patent cases. A question as to the validity or infringement of a patent always affects in some measure not only the parties to the record, but the whole body of citizens. They are all interested in knowing whether or no the patent justly excludes them from the enjoyment of anything described in it, and if it does, to what extent. An invalid patent, or an unwarranted claim under a valid patent is a wrong toward all the people. To permit patentees to terrorize the public by multiplied suits into acquiescence in unlawful monopolies would be to make the law and the courts parties to that wrong. Where the question has been litigated with the manufacturer it is but a retrial of the case to litigate it with the customer. Every principle of the law which tends to give finality to judgments and repose to society ought to be liberally applied to prevent such wrongs.

The application of these principles will be followed by some inconvenience in the administration of the patent law. Under our system the Court of Appeals in each circuit is the final tribunal in patent causes for that circuit except as to the few that go up on *certiorari*. At the same time, the judges in each circuit are bound to give effect to the judgments rendered in the other circuits—those in patent causes as well as others. The judgment in *Kessler* v. *Eldred* has the same force and effect as a final judgment in New York as in Indiana. Similarily the judgment of the Court of Appeals of the Second Circuit in *Eldred* v. *Kirkland* is final in all circuits alike as between the parties and others bound by the judgment.

The situation is exactly as it would be if the administration of the patent laws were vested in the state courts. They would make ever so many conflicting decisions as to the validity and infringement of patents; but when any

case passed to final judgment in any state it would become the duty of the courts in all the states to give effect to that judgment as to all persons bound by it.

If the views which we have so far expressed are sound, it is manifest that the course which defendant is pursuing is an invasion of the rights of the appellant.

It is the duty of Eldred to obey the decree to which he was a party. If the legal effect of that decree is to entitle Kessler to *sell* his lighters as well as *make* them, Eldred ought not to interfere with his customers. How can the court protect Kessler in these rights and against these wrongs? Only by injunction. No other remedy is adequate. Suppose Eldred should proceed to judgment in his suit against Breitwieser in the Western District of New York and that court should hold that the judgment of the Court of Appeals in that circuit in the Kirkland case is binding in that circuit as to the construction of the patent, and that the decree in Kessler's favor in this circuit is no defense to Breitwieser. What would be the measure of damages in Kessler's favor against Eldred? He would have lost a customer. How much business that customer would have brought to him if Eldred had not interfered would be incapable of proof. But the loss of that customer would be the smallest part of the injury. A decree against Breitwieser would intimidate all of Kessler's other customers. How could he prove how many of them left him for that cause, and what he had lost by their desertion?

The nature of Kessler's business is such that he is peculiarly vulnerable and helpless against the injury which the defendant is inflicting against him. A cigar lighter is a little device of no great value. The trade in

them is chiefly with wholesale dealers in cigars, who give them away to their customers; the appellee is a competitor of the appellant in business, and manufactures a form of lighter substantially similar to that made by the appellant, so that it is not a matter of importance to jobbers and wholesale dealers whether they buy one lighter or the other. If Kessler should undertake the defense of all the suits which Eldred might see fit to bring against his customers, the expense would be ruinous.

There is a class of cases cited in the preceding pages of this brief which are in point here. We need not enumerate them again. They are the cases in which injunctions have been applied for by defendants in patent suits who were manufacturers to restrain the complainants from bringing suits against their customers until the termination of the pending suits. In some of these cases the application was allowed and in some of them it was overruled. But in all of the cases in which it was overruled it was because of want of equity in the circumstances of the particular case. The right of the court to issue such an injunction against a patentee in a proper case was distinctly recognized in all the decisions. Hence, upon the question of the jurisdiction of a court of equity to enjoin a patentee from harrassing a manufacturer by unjustifiable suits against his customers the decisions are all alike in point.

We are proceeding in this part of our argument upon the assumption that we have sufficiently established in what precedes that Kessler has a right under the decree in his favor to make and sell the lighter covered by that decree. Unless we have done that there is no occasion to be discussing any question of jurisdiction. If we have, then the case is infinitely stronger than any of the cases

referred to in the last preceding paragraph. In all of those the question of right between the patentee and manufacturer was still unsettled. *Here it has been settled.* With how much more reason, therefore, can the manufacturer invoke the power of the court to protect him!

There is another large class of cases which appear to us to be strongly in point by analogy. We refer to those in which injunctions have been granted to restrain interference with the complainant's business by strikers or boycotters. These are so familiar that they need not be cited at length. One of them which contains an extensive citation of authorities is *Beck* v. *Railway Teamster's Protective Union,* 118 Mich., 497. The same case is reported with a note in 74 Am. St. Rep., 241. We also refer especially to the following federal cases on this point:

Union Pacific Ry. Co. v. *Ruef,* 120 Fed., 102.

Allis-Chalmers Co. v. *Reliable Lodge,* 111 Fed., 264.

Consolidated Steel Wire Co. v. *Murray,* 80 Fed., 811.

There is no difference in the legal character of the act between enticing away a man's workmen and frightening away his customers, nor between perpetrating such wrongs at the door of a man's place of business and by circulars sent by mail. It seems to us that these decisions are very pertinent in this case.

If Kessler's decree establishes his right to make and sell his lighter unmolested by Eldred and it is within the power of the court to compel Eldred to respect and obey that decree, Kessler's right to invoke the exercise of that power is irresistible. If the court had adjudged a

sum of money to be due from Eldred to Kessler, it would issue its execution, if necessary, to compel payment. If after a sale of his land on the execution Eldred should refuse to surrender possession of it, the court would issue its writ of assistance, or other process, to oust him. If Eldred should convey his property to avoid the payment of the judgment, the court would entertain a creditor's bill. Only thus can justice be administered "completely, and without denial." The court must follow the defendant wherever its arm can reach him to compel obedience to its decree. No other administration of justice can be complete.

The relief to be extended by the court in such a case must be adapted to the circumstances. In the present case the right of the complainant established by his decree was to sell his lighters throughout the United States without molestation of his customers by Eldred under the Chambers patent. This court can protect the complainant in the enjoyment of that right by enjoining Eldred against the bringing of such suits, and in no other way. It can thus prevent Eldred from disregarding the decree against him outside the bounds of its territorial jurisdiction, and not otherwise.

The proceedings necessary to give full and just effect to a decree are not confined to the court in which the decree was rendered. They must be had where jurisdiction can be obtained. In the present case they must be in the Northern District of Illinois, because the defendant lives there.

These arguments appear to us to demonstrate that Eldred's course in bringing suit against Kessler's customer in New York was an unlawful invasion of the rights of Kessler under his decree; and that another one

like it would be a further invasion of those rights. If Eldred has no right to bring those suits, he has no right to threaten them. If these things are so, Kessler is suffering wrongs for which there is no remedy under the law except by injunction. And no federal court can grant the injunction except the one having personal jurisdiction over Eldred.

It comes to this, then: Has the court the *power* to grant the injunction asked for?

The granting of injunctions to restrain the bringing or prosecution of suits is a familiar head of equity jurisprudence. What is there in the present case to except it from the general power to grant that relief?

It is no answer at all—it is wholly irrelevant, to say that no injunction of this precise kind has been granted. As we have repeatedly pointed out, no *wrong* like this has ever occurred before; no patentee has ever before attempted to follow the customer after he had been beaten by the manufacturer on an issue of validity or infringement.

The question is: Does the case fall within the principles which have been applied in the granting of injunctions to prevent the bringing or prosecution of suits?

This practice had its origin in the granting of injunctions out of equity to restrain actions or proceedings at law. The usual ground of the application was that the defendant was taking, or proposing to take, some action at law to which the complainant had a just defense, which, however, he could not maintain at law. (Pomeroy's Equity Jurisprudence, Section 1360.)

The jurisdiction of a court of equity to exercise this power is not to be questioned. It is not an interference with the jurisdiction or prerogatives of the court in which

the proceeding to which the injunction relates is pending, or may be brought, but is purely *in personam*. The principle is fully stated by Mr. Story thus (Story's Equity Jurisprudence, Sections 899-900):

> "But, although the courts of one country have no authority to stay proceedings in the courts of another, they have an undoubted authority to control all persons and things within their own territorial limits. When, therefore, both parties to a suit in a foreign country are resident within the territorial limits of another country, the courts of equity in the latter may act *in personam* upon those parties, and direct them, by injunction, to *proceed no further* in such suit. In such a case these courts act upon acknowledged principles of public law in regard to jurisdiction. They do not pretend to direct or control the foreign court but, without regard to the situation of the subject-matter of the dispute, they *consider the equities between the parties*, and decree *in personam* according to these equities, and enforce obedience to their decrees by process *in personam*. . . . It is now held that, whenever the parties are resident within a country, the courts of that country have full authority to act upon them personally, with respect to the subject of suits in a foreign country, as the ends of justice may require, and, with that view, to order them to take, or omit to take, any steps and proceedings in any other court of justice, whether in the same country, or in any foreign country."

The cases abundantly support this broad statement of the power of the court. We can show this only by citation of a sufficient number of them to illustrate by the variety of the circumstances in which the power has been exercised how flexible and adaptable it is to meet all the requirements of justice.

In *Craft* v. *Lathrop*, Case 3,318, Fed. Cas., the defendant had begun, tried and lost three suits in ejectment

against the complainant. He was enjoined from bringing more.

In *Barnum* v. *Goodrich,* Case 1,036, Fed. Cas., which was a patent suit, the complainant was enjoined on the defendant's application, from *prosecuting suits commenced and from commencing new suits* against the defendant's customers for other infringements, until the final disposition of the case.

In *Fisher* v. *Lord,* Case 4,821, Fed. Cas., an injunction was granted to restrain one who had obtained possession of notes belonging to the complainant from prosecuting suits already begun on them.

McCullough v. *Absecom Land Imp. Co.,* 10 Atl. Rep. (N. J.), 606. Bill filed to quiet title to lands. Subsequently an adverse claimant filed a bill to partition the same lands. The complainant in the first suit was not made a party to the second suit. He then filed a petition asking that the partition suit be enjoined until the termination of the suit to quiet title. Injunction granted.

Semple v. *Cleveland & P. R. R. Co.,* 33 Atl. Rep., 365. Owner of farm granted to R. R. Co. right of way, and land for woodhouse and water tank, and agreed to build a depot and furnish an agent, the company agreeing to use the depot and pay the owner for the same and for the services of the agent. Subsequently the company tired of the arrangement and began proceedings to condemn the depot. An injunction was granted to restrain that proceeding.

Texas Land Co. v. *Turman,* 53 Tex., 619. Suit by the Land Co. against Turman to quiet title and for possession of a house and lot, and to enjoin Turman and Lankford, a justice of the peace, from issuing a writ of restitution upon a judgment rendered by the justice against Wilson,

a tenant in possession of the same lot. The injunction was granted.

McCauly v. *Givens,* 1 Dana (Ky.), 259, McCauly was in possession of a ferry under a lease made by order of the court in a suit in chancery in which the ferry rights were involved. Givens, a claimant of the ferry right, was harassing him by suits for penalties for exacting tolls without authority. The object of the suit was to obtain an injunction restraining the defendant from bringing such suits. The injunction was granted.

Galveston &c. v. *Dowe,* 7 S. W. Rep., 368. Injunction granted to prevent the bringing of suits on a large number of small claims.

Bradshaw v. *Combs,* 102 Ill., 428. Injunction granted in favor of a surety to restrain prosecution of suit on a note upon which the surety had been discharged by a valid extension of time without his knowledge or consent by agreement between the payee and holder.

In *Dodgson* v. *Henderson,* 113 Ill., 360, an injunction was granted under similar circumstances.

Third Ave. R. R. Co. v. *City of N. Y.,* 54 N. Y., 159. Injunction granted to restrain a multiplicity of suits for penalties under an ordinance until one of them could be finally heard and determined.

Norfolk &c. Co. v. *Arnold,* 38 N. E. Rep. (N. Y.), 271. Suit for royalties on patent. Judgment for plaintiff and appeal by defendant. The plaintiff brought suit for another instalment and threatened to follow it with others. Upon suit by the defendant an injunction was issued, on terms securing the plaintiff from loss, against bringing further suit, until the determination of the appeal.

Pike v. *Wasserman,* 30 N. Y. Supp., 952. Pending a

suit in the Supreme Court by a receiver to set aside certain attachments, part of the defendants brought suit in the Supreme Court of another county to have their attachment declared prior to the receiver's title. The Supreme Court in general term enjoined the second action until the termination of the first one.

In *Lawrence* v. *Manning*, 9. N. Y. Supp., 223, an action was pending by Lawrence to settle numerous claims to a fund held by him. One of the claimants brought suit in another court in respect to her interests alone. An injunction was granted to restrain the prosecution of that suit.

In *Lehigh Valley R. R.* v. *Soc. for Est. Useful Manfs.*, 30 N. J. Eq., 145, two corporations were claiming rights to the use of the waters of the same stream. It was held that equity was the proper forum for the adjudication of the questions, and the further prosecution of suits at law was enjoined.

In *Cuthbert* v. *Chauret*, 14 N. Y. Supp., 385, an injunction was granted restraining the defendants from prosecuting *nine* out of ten ejectment suits begun by them to settle the title to real estate, the questions involved being capable of settlement in the one suit.

In *Nat'l Park Bank* v. *Goddard*, 16 N. Y. Supp., 343, the plaintiff was an attaching creditor under whose writ a stock of goods had been taken. Other creditors whose claims had not matured rescinded their sales and replevined the goods in forty or fifty separate suits. The court appointed a receiver and enjoined the prosecution of the replevin suits.

In *Clinton Natl. Bank* v. *Stiger*, 58 Atl. (N. J. Ch.), 1055, an injunction was granted against prosecuting a suit on lost cashier's checks because the bank was willing

to pay the checks if the defendant would give suitable security to the bank against having to pay the originals.

In *Hawkins* v. *Ireland*, 64 Minn., 339; s. c. 58 Am. St. Rep., 534, the court enjoined the appellant against prosecuting a creditor's bill in another state. The general doctrine applicable to such cases is thus stated in the opinion:

> "The power of the court thus to enjoin the appellant is undoubted. All the parties to this action are citizens of this state, and subject to the jurisdiction of the court. The facts that the land is in another state, and the action which the appellant is forbidden to further prosecute is there pending, do not affect the question of the power of the court in the premises. The court, in such a case, simply commands its own citizens, not the courts of another state. A court of equity of this state has the power and will restrain its own citizens, of whom it has jurisdiction, from prosecuting suits in the courts of other states and foreign jurisdictions, whenever the facts of the case make such restraint necessary to enable the court to do justice, and prevent one citizen from obtaining an inequitable advantage over other citizens. 'The court acts *in personam*, and will not suffer anyone within its reach to do what is contrary to its notions of equity, merely because the act to be done may be, in point of locality, beyond its jurisdiction': *Phelps* v. *McDonald*, 99 U. S., 208; *Cole* v. *Cunningham*, 123 U. S., 107; *Cunningham* v. *Butler*, 142 Mass., 47; 56 Am. Rep., 663, and note. No general rule can be laid down as to when the court ought to exercise this power, and enjoin a party from prosecuting a suit in a foreign jurisdiction. Each case must be ruled by its own facts. If they show that it is necessary and equitable to exercise the power in the orderly administration of justice, the court should enjoin the party, otherwise not."

In *Dehon* v. *Foster*, 4 Allen, 550, the court granted an

injunction against the bringing of a suit in another state and said:

> "In the exercise of this power, courts of equity proceed not upon any claim of right to interfere with or control the course of proceedings in other tribunals, or to prevent them from adjudicating on the rights of parties when drawn in controversy and duly presented for their determination. But the jurisdiction is founded on the clear authority vested in courts of equity over persons within the limits of their jurisdiction and amenable to process, to restrain them from doing acts which will work wrong and injury to others and are therefore contrary to equity and good conscience. As the decree of the court in such cases is pointed solely at the party, and does not extend to the tribunal where the suit or proceeding is pending, it is wholly immaterial that the party is prosecuting his action in the courts of a foreign state or county. If the case stated in the bill is such as to render it the duty of the court to restrain a party from instituting or carrying on proceedings in a court of this state, it is bound in like manner to enjoin him from prosecuting a suit in a foreign court. . . . All that is necessary to sustain jurisdiction in such cases is, that the plaintiff should show a clear equity, and that the defendant should be subject to the authority and within the reach of the process of the court. *Bank of Bellows Falls* v. *Rutland etc. R. R. Co.*, 28 Vt., 470; *Vermont etc. R. R. Co.* v. *Vermont Cent. R. R. Co.*, 46 Vt., 792; *Keyser* v. *Rice*, 47 Md., 203; I High on Injunctions, 2d. ed., sec. 106."

Sandage v. *Studebaker Bros. Mfg. Co.*, 142 Ind., 148. Sandage assigned a patent to the company for a certain consideration and guaranteed its validity. The patent was subsequently declared void and the company tendered the patent back to Sandage and demanded repayment of the money advanced by it to him, under the contract of assignment. Sandage assigned his contract and the as-

signee brought two separate suits in Chicago to recover the unpaid installments of money due under the contract. The company brought its action in Indiana to enjoin the defendant assignee from prosecuting these suits in Illinois and the court granted the injunction and said:

> "That a citizen of a State, under a showing of sufficient facts, can be enjoined from commencing or prosecuting a suit against his fellow citizen in the courts of another State, is an equitable rule, recognized and enforced by this court and many others. This rule seems to be sustained by a clear weight of authority in this country. See 10 Am. and Eng. Ency. of Law, p. 909. It is declared in the decisions, that the court, in the exercise of this authority, does not proceed upon any claim of right to control or stay proceedings in the courts of another State or country, but upon the grounds that the person against whom the restraining order is issued, resides within the jurisdiction, and within the power of the restraining court. The court issuing the writ does not pretend to direct or control the one in the foreign State, but without regard to the subject-matter of the dispute, it considers the equities between the parties, and decrees *in personam* according to these equities and enforces obedience to its decree."

Miller v. *Gittings*, 85 Md., 601; 60 Am. St. Rep., 352. Injunction granted restraining the further prosecution of two suits in New York for the recovery of money under wagering contracts and for conversion of certain bonds and stocks deposited as margin, and from any further proceedings looking to the arrest or imprisonment of the plaintiff.

Grand Rapids School Furniture Co. v. *Haney Co.*, 92 Mich., 558; 31 Am. St. Rep., 611. The complainant had information sufficient to defeat the validity of a patent owned by defendant, and defendant had knowledge of the fact. Defendant, by collusion, obtained a decree in its

favor against one Bullard, and was using that judgment to intimidate purchasers of complainant's goods, by publishing to those customers that the decree was valid, that complainant's goods infringed the patent and threatening to bring suit against any and all persons purchasing or using those goods. Complainant brought its action to enjoin the defendant from issuing these statements and the court granted the injunction, and said:

> "Admitting that the weight of authority in this country is against the proposition that a court of equity has jurisdiction, by injunction, to restrain the publication of a libel upon one's business, it is no answer to the questions here raised. The complainant has no adequate remedy at law, under the circumstances here stated. It cannot be said that it should lie by and wait the slow and uncertain processes of a suit for damages for its redress. Under the charge in the bill, which we must take as true, the complainant is rightfully operating under such patent, and it has no remedy adequate for the fraud and wrong perpetrated upon it, except as aided by a court of equity."

Pickett v. *Ferguson*, 45 Ark., 177; 55 Am. Rep., 545. An injunction was granted restraining the prosecution of a bill to redeem certain property in Tennessee sold at a foreclosure sale.

In *Emack* v. *Kane*, 34 Fed., 46, Judge Blodgett granted an injunction against the issue of circulars threatening the complainant's customers with suits for infringement, it appearing that the charges of infringement were not made in good faith, but for the purpose of intimidation.

Such haphazard citations as these of cases in which injunctions have been granted to restrain legal proceedings, could be multiplied indefinitely. Their significance here is to the point that the remedy by injunction has become a common tool of the law to be used as freely as a *fi. fa.*,

when the ends of complete and speedy justice require it. Will it more effectually protect the just rights of the suitor to whom wrong has been done or threatened than any other remedy? It is not enough that he might resort to some other remedy more or less effectual. He is entitled to the best remedy which the law affords—that which will accomplish most complete justice with greatest certainty and least delay. There is no question to be considered of the dignity, independence or honor of the court in which the defendant is wrongfully pressing his suit. That court is a helpless participant in the wrong. It can not prevent the use of its docket and its process by whomsoever comes. It will be no affront to it to issue the injunction asked for in the bill. Such an injunction will carry with it no imputation upon the competency or impartiality of the court. That court can not give Kessler the relief prayed for in his bill. He is not a party to that suit. Breitwieser can set up in his own defense that the lighters which he handles were purchased from Kessler, who had good right to make and sell them; and he may succeed in that defense. But that will not settle the question between Eldred and Kessler. That court could not in that case enjoin Eldred from bringing other suits because he had failed in this one. Whether Breitwieser is in truth infringing the Chambers patent or not, is one question; whether Eldred has a right, in view of Kessler's decree against him, to charge him with infringement and sue him for it, is another question. One is a question between Eldred and Breitwieser; the other a question between Eldred and Kessler, *and that question comes first.* They present different and distinct issues, resting on different and distinct legal grounds, and are questions to be settled by two different suits. The

court at Buffalo can not settle the latter of these issues, no matter what may be its judgment as to the former. Eldred can bring other suits in other jurisdictions, no matter what may be the result at Buffalo. *The Circuit Court of the Northern District of Illinois and this case offer the only opportunity to settle, once for all, the right of Kessler under his decree.*

There are some cases in which, out of a number of cases pending, with threats of others, the court will enjoin the prosecution of all but one, until the determination of that one; and it may be argued by counsel that that course ought to be taken in this case, and the Breitwieser suit allowed to proceed, with an injunction against the bringing of any others. The case of *Third Ave. R. R. Co.* v. *City of N. Y.*, 54 N. Y., 159, above referred to, was one in which that kind of an order was made. The grievance there complained of was that the city was bringing a multiplicity of suits for penalties under an ordinance, when one would settle the question. There was no denial of the right of the city to bring one suit. There was no way to test the validity of the ordinance or the right of the city under it except by suit and trial. The trial of the issue in one case would conclude the parties by estoppel and settle the question between them.

The same remark is true of *Cuthbert* v. *Chauret,* 14 N. Y. Supp., 385, cited above. It was proper to try one action of ejectment in order to settle the question; and it met all the ends of justice to enjoin the defendants from proceeding in eight of the cases, leaving one to be tried. In both of those cases the *unnecessary and oppressive number of suits* was the thing complained of.

In this case, if the theory of the bill is sound, the defendant is not at liberty to sue any of the complainant's

customers. There is an additional hardship in the multiplicity of suits which the defendant threatens, but the main ground of the bill is, that the defendant *is not entitled to sue any of his customers—not one.*

The success of Kessler's business depends on the maintenance of confidence in the minds of his customers in their security against suits for infringement of the Chambers patent. One suit against one customer shakes that confidence. If he is not entitled to an injunction against the prosecution of that one suit, upon what ground will he be entitled to an injunction against the prosecution of the next one, or any one? The first one is the most injurious of all. It is a shock to confidence all over the country.

It can not be said that Eldred is entitled to proceed with his suit in New York because it was first in time—because that court had acquired jurisdiction before this suit was begun. There are cases to which that principle applies. But they are cases in which the first suit was rightfully begun. A party can gain no advantage by his own wrong. If Eldred had no right to begin suit against Breitwieser, the fact that he did bring it gives him no right to continue the prosecution of it.

There was no occasion for Kessler to begin this suit until that one had been brought. He could not anticipate that Eldred would sue his customers. No vanquished patentee ever did so before.

Upon these considerations we submit that the first and second questions should be answered in the affirmative, and the fourth question in the negative. There remains to be considered the third, which is in these words:

> Did Kessler's assumption of the defense of Eldred's suit against Breitwieser deprive Kessler of

> the right, if that right would otherwise exist, of proceeding against Eldred in the state and district of his citizenship and residence for wrongfully interfering with Kessler's business?

Breitwieser, it will be remembered, was a customer of Kessler's, living in the Western District of New York, and was sued there by Eldred on the Chambers patent for infringement of it by the use of lighters manufactured by Kessler and identical with those adjudged in Eldred's suit against him to be no infringement of that patent. They were lighters which Kessler had a right to make and sell by the terms of the decree in Eldred's suit against him. Eldred's suit against Breitwieser was wrongful, both as to Kessler and Breitwieser. It was a wrongful interference with Kessler's business, and a wrongful invasion of Breitwieser's right to use lighters which he had purchased from Kessler. It is said in the statement of facts, certified to this court, by the Court of Appeals that that

> " Kessler assumed the defense of the Breitwieser suit and *will be compelled in the proper discharge of his duty to his customers* to assume the burden and expense of all suits which may be brought by Eldred against other customers."

That Kessler's discharge of his duty toward Breitwieser in employing counsel to defend him against Eldred's wrongful suit should operate to forfeit his right to an injunction against Eldred enjoining him from prosecuting any suit, including that one, against any customer of his for infringment of the Chambers patent by the use of lighters covered by the decree in his favor, can hardly be imagined. Can there be a case in which a court of equity will withhold just relief to a suitor except upon

condition that he shall do wrong or make default in the discharge of duty toward some one else?

What Kessler is doing in that case is not inconsistent with what he is doing in this case, nor yet identical with what he is doing in this case. He is not a party to that case, and has no relation to it except as paymaster of fees and expenses. He has done nothing in that case to estop him from proceeding in this case. He could not get in that case the relief which he is asking in this case.

There is this to be conjectured, although it was not stated in argument by the other side: It is a settled rule that, when a manufacturer assumes the burden of defending a customer sued for infringement, he is bound by the decree. It may be argued that if the federal court in New York should hold that Kessler's decree is no protection to Breitwieser, and that the Kessler lighter infringes, Kessler would be bound, and the decree in his favor in Eldred's suit would become of no effect. But no such judgment appears to have been rendered by the federal court in New York. Is Kessler to be held up to see what it may do? Is it to be presumed that it will render an unjust judgment? Is it not rather to be presumed that it will do right and give just effect to the decree of the courts of the Seventh Circuit, notwithstanding its disagreement with those courts on the construction of the Chambers patent? That would be the just course. And then, if a question should arise in the Seventh Circuit between Eldred and some one bound by the judgment in the Kirkland case, it would be the duty of the court in that Circuit to give just effect to the Kirkland judgment notwithstanding its own view of the construction of the Chambers patent. In no other way can the courts in each Circuit do justice to their own citizens and

give effect to their own decrees. St. Paul says that a man who provideth not for his own household is worse than an infidel. It is the duty of the United States Circuit Court of Appeals for the Seventh Circuit to uphold the rights of the citizens of that circuit, and for that purpose to give just effect to its own judgments by all means within its power; and that signifies to give effect to its own judgment of the effect of its own judgment. It has power to do this by means of its jurisdiction over Eldred *in personam*. It has no right to abdicate that jurisdiction in favor of any foreign court.

It is respectfully submitted that the third question ought to be answered in the negative.

ROBERT S. TAYLOR,
ELWIN M. HULSE,
Counsel for Kessler.

Supreme Court of the United States

No. 196.

WILLIAM F. KESSLER,
Appellant,

vs.

GEORGE S. ELDRED,
Appellee.

BRIEF ON BEHALF OF THE PARTY ELDRED.

May it please the Court:

This cause comes up on the certificate of the Circuit Court of Appeals for the Seventh Circuit, giving a statement of facts and propounding four questions.

Inasmuch as questions thus certified to this court must relate to the case at bar (*Daniels* v. *Rock Island Ry. Co.*, 3 Wall., 250), it becomes necessary to ascertain the facts upon which these questions are predicated.

The Record.

The printed record is very short and, still further condensed, recites that Eldred brought suit against Kessler in the District of Indiana for the infringement of the Chambers patent by the manufacture and sale of certain cigar lighters. Judgment was in favor of Kessler on the ground of non-infringement.

Subsequently Eldred brought suit in the Northern District of New York against Kirkland, who was selling a similar lighter, and this suit was decided in Eldred's favor.

Eldred then brought suit in the Western District of New York against Breitwieser, a user of Kessler's lighter of the same form as that which was held in the first suit to be no infringement of the patent. This Breitwieser suit is alleged to have intimated Kessler's customers "so that they ceased to send in further orders for lighters and refused to pay for lighters already sold and delivered to them."

Kessler assumed the defense of the Breitwieser suit.

Afterwards the present suit was brought by Kessler in the Northern District of Illinois by a bill to enjoin Eldred from prosecuting any suit in any court against any one for infringement of the Chambers patent by the use or sale of lighters made by Kessler which are identical with the lighter before the court in the first suit.

The opinions of the Circuit Courts of Appeal for the Seventh and Second Circuits in the first suit and the Kirkland suit are made a part of this record by being definitely cited therein as follows: *Eldred* v. *Kessler*, 106 Fed., 509, and *Eldred* v. *Kirkland*, 130 Fed., 342.

Limitations of the Record.

It should be noted that the record shows simply that Eldred has commenced *one*, and *only one*, suit against a customer of Kessler's. There is no allegation of even a threat of other suits; neither is there any allegation that notices of infringement have been sent to other customers. The sole complaint is that the suit against Breitwieser

has caused customers to desert Kessler and refuse to pay for goods obtained from him.

The record is silent as to whether Breitwieser acquired title to the Kessler lighters, because of the use of which he is sued, *before* or *after* the judgment in *Eldred* v. *Kessler*. It is equally silent as to whether all of the lighters used by Breitwieser are of the Kessler manufacture.

The Situation Summarized.

Adhering strictly to the record, it appears, therefore, that Eldred first sued Kessler in the Seventh Circuit under the Chambers patent. Judgment was rendered in favor of Kessler on the ground of non-infringement.

Eldred then sued Kirkland in the Second Circuit under the Chambers patent for selling an article similar to the Kessler lighter involved in the previous suit, and judgment was rendered in favor of Eldred, infringement being found.

Eldred now finds the party Breitwieser using in the Second Circuit lighters similar to those which had been used by Kirkland, and which were adjudged by the Court of Appeals of the Second Circuit to be an infringement of the Chambers patent. Obviously under the decision in the Kirkland case the use of such lighters by Breitwieser in the Second Circuit must be an infringement of the Chambers patent. If such lighters were of the same manufacture as those before the court in the Kirkland suit, Eldred was, of course, entitled to an injunction against their further use. The only question about which there could be any doubt whatever would be as to whether if such lighters, though of the same form as those in the

Kirkland case, were made by Kessler, instead of by the manufacturer of the Kirkland lighter, an estoppel existed which would deprive Eldred of the right to an injunction?

The record shows that Eldred promptly set the machinery in motion for determining this question. The opinion of the Court of Appeals in *Eldred* v. *Kirkland* was handed down April 19, 1904 (130 Fed., 342), and the Breitwieser suit was commenced the following month. (See statement of facts herein.)

It further appears from the record, that Kessler promptly and voluntarily assumed the defense of the Breitwieser suit, thereby subjecting himself to the jurisdiction of that court.

The record also shows that in *Eldred* v. *Kessler* the acts complained of in the bill were the "manufacture and sale" of lighters in infringement of the claims of the Chambers patent; and that in the Breitwieser suit the infringing act complained of was that of "user" only.

While the statement of facts in the record is that in *Eldred* v. *Kessler* the complaint was of the infringement of "all of the claims," it is silent as to which of the claims of the Chambers patent were sued on in *Eldred* v. *Kirkland*, or in *Eldred* v. *Breitwieser*.

On the other hand, the opinions of the courts in *Eldred* v. *Kessler*, 106 Fed., 509, and *Eldred* v. *Kirkland*, 130 Fed., 342, show that the claims passed upon in the former suit were 1, 7, 10 and 12, while those passed upon in the latter suit were 1, 5 and 10. These opinions show that the two Courts of Appeals were in harmony as to claim 1; that they disagreed as to claim 10; that one of them only passed upon claims 7 and 12; and that the other court alone passed upon claim 5.

ARGUMENT.

Before taking up for particular consideration the several questions propounded, the following observations on the record as a whole are submitted.

The purpose of Kessler's bill is stated in the record to be

> "to enjoin Eldred from prosecuting any suit in any court of the United States against any one for alleged infringement of the Chambers patent by purchase, use, or sale of any electric cigar lighter manufactured by Kessler and identical with the lighter in evidence before the Circuit Court. . . . in . . . Eldred against Kessler."

The prayer for this relief is predicated upon the naked fact that a single suit has been brought by Eldred against a user (Breitwieser) of Kessler's goods. This single act complained of is not alleged to be attended by any other interference whatsoever with Kessler's business—there is no allegation that other suits have either been brought or threatened, or that any assertion by Eldred that other customers of Kessler are infringers.

The vital question in the suit, therefore, is as to the power of a court of equity to enjoin a patentee, who has been defeated in his suit for infringement brought against a manufacturer, from prosecuting a suit commenced against a customer of the same manufacturer.

Alleged Injury.

The injury alleged to have resulted from the bringing of the Breitwieser suit is thus recited in the record:

> "Many of Kessler's customers were intimidated by the Breitwieser suit, so that they ceased to send

> in further orders for lighters and refused to pay their accounts for lighters already sold and delivered to them."

That is to say, dealers in and users of these goods have, as a result of the bringing of the Breitwieser suit

(*a*) refrained from giving further orders to Kessler;

(*b*) those who had already received goods from him have refused to pay for the same.

Because of this conduct of such dealers and users, Kessler asks a court of equity to restrain Eldred from prosecuting a claim against another party, Breitwieser.

If it be a fact that such dealers and users have been so intimidated by the bringing of the Breitwieser suit that they have withheld further orders, their apprehension of danger must have been either real or imaginary.

If real, *i. e.*, if the Breitwieser suit shall result favorably to Eldred and thus establish his contention that dealers in and users of Kessler's lighters are infringers of the Chambers patent, then obviously Kessler has here no just cause for complaint. It is axiomatic that a party may not interfere with the rights of another because the pursuit and enjoyment of such rights by such other are thought to be inimical to his interests.

If such fears alleged to be entertained by dealers in and users of these goods are imaginary, then Kessler is seeking extraordinary relief because of groundless apprehension on the part of his customers. It is submitted that a court of equity may not properly intervene to protect a party against actions based on fancied dangers.

Touching the second alleged injury, viz., the refusal of Kessler's customers to pay for goods already delivered to them, it may be said that Kessler has the same remedy against those parties as if they were declining to

pay on any other pretext. Certainly Kessler has no right to restrain Eldred from pressing a claim he believes he has against Breitwieser, because A, B or C may use such suit as a pretext for refusing to pay Kessler for goods obtained from him.

Kessler's Alleged Duty.

The statement in the record that Kessler

> "will be compelled in the proper discharge of his duty to his customers to assume the burden and expense of all suits which may be brought by Eldred against other customers"

we assume to be a mere abstract proposition of law. As such it is not controlling on this court, as are the statements of fact found in the record.

This proposition has no statutory basis. If such duty exist it must be grounded solely upon contractual relations entered into between Kessler and his customers, and which are not shown.

The defense by manufacturers of infringement suits brought against their customers is assumed either for reasons of policy or under a guaranty given with the goods. No mere voluntary assumption of defense can be binding upon third parties or create any right as against them. This being true, a court of equity is not warranted in imposing its strong arm by way of injunction against one who was not a party to a contract, because the complainant finds that he has assumed an irksome burden.

Multiplicity of Suits.

The record leaves it to be inferred that there is apprehension of further litigation. A part of the alleged duty Kessler feels obligated to assume is the defense of "all suits which may be brought by Eldred against other customers."

As has been pointed out, the record contains no allegation of even a threat of such further litigation. Of course, it may well be inferred that if the issue of the Breitwieser case shall be favorable to Eldred, he will thereupon bring other suits against customers of Kessler; but it is not to be inferred that if the issue be otherwise Eldred will resort to further litigation. Indeed, the very fact that he has brought but a single suit evidences his good faith. It is clear that he is making this a test case and that if his purpose had been mere annoyance and intimidation, instead of one he would have promptly brought many suits. If he prevail in that single suit obviously he has a right to bring others.

Eldred's good faith in bringing the Breitwieser suit as a test of the questions there raised, is not to be denied. Should the judgment in that case be adverse to him and should he then institute a similar suit against another customer of Kessler, especially should he institute a number of such suits, it is not at all improbable that a court of equity would be justified in restraining him from its or their prosecution on the ground that the litigation was merely vexatious and not brought in good faith. A bill to restrain the prosecution of a single suit, even though it may be reasonably apparent that it will be the first of a series should it terminate favorably to the complainant, is entirely a different matter, however, and

is a mere effort to induce one court to assume jurisdiction of the questions already at issue in another court of co-ordinate jurisdiction. This course is peculiarly indefensable when, as admitted by the party Kessler, the questions of law raised in the single suit which has been brought by Eldred against his customer have never before been made the subject of a judicial decision.

The Nature of the Bill.

This bill, if it belong to any recognized class and is not *sui generis,* must be regarded as a bill of peace.

> "A bill of peace is a bill filed in equity, praying for an injunction to stay a large number of separate suits involving the same right, or to prevent the vexatious recurrence of inconclusive litigation of the same right, and to adjudicate finally the whole controversy in the one suit. It is designed to secure repose from perpetual litigation."
>
> 3 Encylclopædia of Pleading & Practice, 556.

It is believed that this is the accepted definition of bills of this character. Under this definition such a bill will not lie for the purpose of entirely preventing the adjudication of a claim. Its purpose is to secure such adjudication, if possible, by a single suit.

It obviously has no foundation, therefore, in a situation in which but a single suit is resorted to for the purpose of securing an adjudication of the questions raised; surely not unless, while bringing but a single suit, the party complained of is threatening others.

In the brief filed in this case on behalf of Kessler, a large number of authorities are cited wherein courts of equity have granted injunctions to restrain suits against the customers of a manufacturer, but in every instance it

will be found that such injunction was temporary and granted to run until the determination of a single suit involving the questions at issue. No instance is cited, and none is believed to exist, in which such an injunction was made perpetual. In the authorities cited it does not appear whether all of the questions which might arise in the suits against customers would be considered in the suit against the manufacturer. It was enough that the main questions of validity of the patent and of infringement were raised in all of the cases. These authorities do not afford any guide to the course to be pursued after the determination of the parent suit. Then the injunction ended.

Ordinarily it may well be supposed that if the judgment in the case tried out was favorable to the complainant, he would proceed at once to press the suits which had been stayed, while if unfavorable to him he would likely drop the other suits unless questions remained to be there adjudicated.

The authorities cited, therefore, even if they were to be regarded as controlling in like situations, stop at the very threshhold of this case, which, while being an effort to terminate litigation, attempts to do so by forestalling a judgment on a full record.

Absence of Precedent.

It will be time to interpose a bill of peace when a multiplicity of suits shall have been commenced.

As stated in the brief on behalf of Kessler, the situation here is unique. There is no reported case in which the questions now arising were decided.

So soon as the Circuit Court of Appeals of the Second

Circuit had held the Chambers patent valid and infringed by a lighter of the type in question, made by a party other than Kessler, then Eldred was confronted with the question as to his right to an injunction against users of Kessler's lighter. As just remarked, this was an untried question. It was a vital question with him, and he sought its solution in the only way open, viz., by promptly bringing suit against one of these parties.

Under the Kirkland decision he was entitled to a judgment, unless the decision in *Eldred* v. *Kessler* created an estoppel. If this customer of Kessler's was protected by that judgment, there of course existed an adequate defense, and this defense was available by plea. Kessler, as appears from this record, assumed the defense of that suit, and it must be presumed that he interposed the defense of estoppel which he now urges.

The present bill must rest, if it have any foundation, upon the estoppel created by the old judgment. Indeed, that is the very ground on which the bill is filed.

According to the theory of the complainant herein, therefore, he had available an adequate legal defense to the suit brought against Breitwieser and assumed by him. This being true, a court of equity is without power to enjoin the prosecution of the Breitwieser suit.

In *Hungerford* v. *Sigerson,* 20 How., 156, this court says:

> "Where a party has failed to make a proper defense at law through negligence equity will not aid him."

In that case there had been a judgment, rendered between the same parties, and subsequently the defendant sought to restrain the plaintiff from enforcing that judgment in full, alleging that the debt was smaller than adjudged and that he had adequate defenses which were

not availed of in the prior suit. The present case differs from that only in that the earlier suit was pending at the time this one was commenced.

The situation is, therefore, one which brings the case strictly within the rule laid down by this court in *Wilson* v. *Lambert,* 168 U. S., 611, as follows:

> " We adopt the observation made in the dissenting opinion in the Court of Appeals; 'there can be no reason or propriety in appealing to a court of equity to restrain proceedings that are being regularly conducted in other courts, competent to construe the statutes under which they act, and to decide every question that may arise in the course of the proceedings.' "

To the same effect was the conclusion of this court in *Peck et al.* v. *Jenness,* 7 How., 612 (quoting from 624):

> " It is a doctrine of law too long established to require a citation of authorities, that, where a court has jurisdiction, it has a right to decide every question which occurs in the cause, and whether its decision be correct or otherwise, its judgment, till reversed, is regarded as binding in every other court; and that, where the jurisdiction of a court, and the right of a plaintiff to prosecute his suit in it, *have once attached, that right cannot be arrested or taken away by proceedings in another court."*

The Breitwieser suit was pending at the time this suit was brought, and in a court of competent jurisdiction the issues had been joined. It is not even suggested on behalf of Kessler that the defense of *res adjudicata* is not available to him in that court, and hence the rule in *Wilson* v. *Lambert* exactly applies.

The same rule was laid down with equal emphasis by this court in *Hapgood* v. *Hewitt,* 119 U. S., 226, as follows:

> " The theory of the bill is, that there is a perfect

> defense to such a suit. In such a case a court of equity, certainly a Circuit Court of the United States, will not interfere to enjoin even a pending suit at law, much less the bringing of one in the future."

This would seem to dispose of the whole case.

Diversity in Causes of Action.

Another vital requirement in a bill of peace is that it shall be for the purpose of adjudicating "finally the whole controversy in the one suit."

This presupposes an identity of parties and an identity of causes of action.

As has been remarked, the opinions of the Circuit Court of Appeals in *Eldred* v. *Kessler,* 106 Fed., 509, and in *Eldred* v. *Kirkland,* 130 Fed., 342, have been brought to the attention of this court. From these opinions it appears that the claims which were adjudicated upon were not identical in the two cases—claims 7 and 12 having been considered by one court only, and claim 5 having been considered by the other only.

The record is silent as to which claims are asserted in the Breitwieser suit, though it may be reasonably assumed that Eldred has there asserted the claims which have been sustained and held to be infringed in the Kirkland suit, rather than those which were held void or not infringed in the Kessler suit.

Further Diversity in Causes.

While the record shows that Breitwieser is a user of lighters made by Kessler, it is silent as to whether all of the lighters used by him are of that manufacture. Though he may be an extensive user of the Kirkland lighter, that

fact cannot be inquired into, if Kessler's contentions are right, because he is also a customer of the latter.

Anomalous Situation.

In view of the diversity of the decisions by the Courts of Appeals of the Seventh and Second Circuits, this this anomalous situation is created:

The Kessler and Kirkland lighters are alike. The Kirkland lighters were adjuged to be an infringement of the Chambers patent. The Kessler lighters were adjudged in the Seventh Circuit not to infringe.

If the contention now made on behalf of Kessler be sound, then Breitwieser or any other user located in the Second Circuit may be enjoined from using the Kirkland lighter, but not from using the Kessler lighter, notwithstanding their similarity. If the prayer of Kessler's bill in this cause shall be granted, the Chambers patent cannot be enforced in the Second Circuit against any lighter for the reason that users would provide themselves with lighters purchased from Kessler; whether exclusively or not would be immaterial, for if Eldred cannot sue a customer of Kessler's that customer might with impunity deal in and use as well the Kirkland lighter.

The Breitwieser suit was brought for the purpose of terminating this anomalous condition. The bill in the present cause was brought for the purpose of perpetuating it. There is no allegation in the present cause that the court in the Western District of New York is without jurisdiction to entertain and properly dispose of all questions arising between the parties.

Estoppel.

Though it may be a moot question whether an estoppel actually exists in this cause, it is urged on behalf of Eldred that as between him and any customer of Kessler there is no estoppel growing out of the earlier judgment in *Eldred* v. *Kessler*. In *Lyon* v. *Perin Mfg. Co.*, 125 U. S., 698, it is said:

> "It is well settled that in order to render a matter *res adjudicata* there must be a concurrence of the four conditions, viz., (1) identity in the thing sued for; (2) identity of cause of action; (3) identity of persons and parties to the action; and (4) identity of quality in the persons for or against whom the claim is made."

Applying this rule to the present cause it is obvious that (1) the thing sued for is not the same in that the suit is predicated on different claims of the patent; (2) that the identity of cause of action cannot be the same in that the lighters used by Breitwieser are unquestionably not the same lighters as were before the Court of Appeals in *Eldred* v. *Kessler*; (3) the persons and parties are different, Breitwieser, the later defendant, not having been a party to the earlier cause and not being privy to it; (4) the identity of quality in the persons is different in that Kessler was a manufacturer and Breitwieser is a user.

Different Causes of Action.

The first, second and fourth essential elements to estoppel, as above enumerated, viz., identity of the thing sued on, identity of cause of actoin, and identity of quality in the persons may be considered together.

The rule is that an estoppel can exist only as to those

questions which were actually adjudicated and not as to those things which might have been adjudicated (*Washington A. & G. Steam Packet Co.* v. *Sickles*, 24 How., 333, and *Cromwell* v. *Sac County*, 4 Otto, 351).

The record shows that in *Eldred* v. *Kessler* the bill alleged that "Kessler's *manufacture and sale* of the Kessler lighter infringed all the claims;" the bill in the Breitwieser suit alleges "user" only.

The statute provides that patents shall grant three separate privileges, viz., the right to manufacture; the right to vend; and the right to use, and it was held by this court in *Birdsell* v. *Shaliol*, 112 U. S., 485, that these grants constitute separate causes of action, the court saying:

> "No more does one who pays damages for selling a machine in infringement of a patent, acquire for himself or his vendee any right to use that machine. . . . The recovery and satisfaction of a judgment for damages against one wrong doer do not ordinarily confer, upon him or upon others, the right to continue or repeat the wrong."

In accordance with the record, therefore, the causes of action between Kessler and Breitwieser are different in this regard. They necessarily differ, also, in that the particular goods used by Breitwieser were not before the court in *Eldred* v. *Kessler*; and applying the rule followed in *Steam Packet Co.* v. *Sickles* & *Crowell* v. *Sac County, supra*, this of itself constitutes a diversity in the cause of action.

Turning now to the reports of the decisions of the two Circuit Courts of Appeals in *Eldred* v. *Kessler*, 106 Fed., 509, and *Eldred* v. *Kirkland*, 130 Fed., 342, it is found, as has already been said, that a part only of the claims of the Chambers patent were considered by each court, and that the same claims were not before both courts.

That no estoppel can be predicated upon a judgment relating to different claims of a patent than those which are subsequently sued on, was conclusively established in *Russell* v. *Place*, 94 U. S., 606, wherein it was distinctly held that the same defendant was not estopped from urging any and all defenses which he might desire to set up because of prior adjudication on the same patent, it being uncertain from the record whether both claims of the patent were considered in the earlier cause. Of course, if an estoppel fails because of uncertainty as to the extent of the prior adjudication, it follows that when the record shows with certainty that the claims considered were different there can be no estoppel. Any attempt to reach a different conclusion would be as hopeless as an attempt to establish that the lesser is not included in the greater.

The third essential element to estoppel, to-wit, identity of parties, does not exist in this cause, as Breitwieser was not a party to the suit of *Eldred* v. *Kessler;* neither was he privy thereto, even in the sense of taking title subsequent to the judgment, so far as is disclosed by the record. It is submitted that privity is not to be inferred but must be distinctly pleaded. In the absence of any allegation as to when Breitwieser purchased the goods of Kessler, it is not to be assumed that he bought them subsequent to the judgment, but that would need to be a matter of proof.

Absence of Mutuality.

There is another vital consideration to estoppel, viz., mutuality. Under the rule laid down as stated by this court in *Litchfield* v. *Goodnow*, 123 U. S., 549—

"As she was not bound the Homestead Company

> and its assigns were not. Estoppels to be good must be mutual."

—there can be no estoppel pleaded in favor of Breitwieser unless he would have been bound had the judgment in *Eldred* v. *Kessler* been in favor of the complainant instead of the defendant.

Judicial License.

The brief submitted on behalf of the party Kessler proceeds on the theory that the judgment in his favor in *Eldred* v. *Kessler* put him in the same relation to the patent as if he were licensed under it—that is to say, that he has in effect been granted a judicial license under the patent. The brief admits that there is no authority for such conclusion, and supports the contention only by a forced argument based upon a line of authorities which fall far short of reaching any such conclusion, as, for example, *Ide* v. *Ball Engine Co.*, 31 Fed., 901. In these cases a mere temporary injunction was granted in order that certain questions common to a plurality of suits might be tried out in one of them. In every one of these cases the injunction was granted to run only to the termination of the single suit. Then all questions would become open, and there was no intimation by the courts that the injunction would be made permanent if the decision in the case to be tried out was favorable to the defendant. Then the whole question of estoppel would become involved and obviously could not be determined in advance.

The argument advanced that a judgment of non-infringement practically puts the defendant in the same relation to the patent as would a license, is sophistical and

will lead to endless confusion. As a matter of fact such a judgment puts the defendant in a position exactly reverse to that of a licensee. He is held to be entirely outside of the patent. The licensee is brought within it. The one acts in defiance and the other under the protecting wing of the patent.

The agreement advanced in support of such a proposition, that a license is "such a surrender, in general, unlimited and unconditional terms, puts a licensee where he would be if no patent had ever existed" is misleading and untrue. A license is not a surrender of rights but a conferring of rights. It is not a letting go of a thing possessed but an assumption of obligation, for the licensor must protect the licensee against infringers or allow him the use of his name for the purposes of litigation.

A license may be pleaded in bar of a suit for infringement as well by those who take title under the licensee as by the licensee himself. Whether a judgment may be pleaded in bar by the original defendant of a suit for infringement based upon subsequent manufacture, even though of devices similar to the one adjudicated upon, has never been judicially determined. Certainly such a judgment may not be pleaded in bar of an infringement suit brought against a third party, because, under the rule of mutuality of estoppels, had the judgment been the reverse of what it was it would not have concluded such third party but would have left him free to make any and all possible defenses to the suit.

If, therefore, any logical deduction is to be made in the attempt to compare a judgment of non-infringement with a license, it leads ultimately to the conclusion that such judgment is not available even by the original defendant, technically, as an estoppel but, if at all, upon the principles of comity.

The Questions.

Taking up now in order the questions propounded in the record, we find the first one to be as follows:

> "Did the decree in Kessler's favor, rendered by the Circuit Court for the District of Indiana in the suit of Eldred against Kessler, have the effect of entitling Kessler to continue the business of manufacturing and selling throughout the United States the same lighter he had theretofore been manufacturing and selling, without molestation by Eldred through the Chambers patent?"

This question is not properly before the court in that it does not relate to the case at bar (*Daniels* v. *Rock Island Ry. Co.*, 3 Wall., 250), unless it is to be construed as relating to a molestation by the bringing of a suit against a customer of Kessler. The gist of the question seems to be in the word "molestation." The record is absolutely silent as to any molestation or threatened molestation of Kessler, save by the single act of bringing this suit against Breitwieser.

If this is the meaning of the question then it becomes substantially identical with the second question, which is as follows:

> "Did the decree mentioned in the first question have the effect of making a suit by Eldred against any customer of Kessler's for alleged infringement of the Chambers patent by use or sale of Kessler's lighters a wrongful interference by Eldred with Kessler's business?"

The answer to these two questions involves a consideration of the questions of identity of causes of action, identity of parties, and estoppel, which have been hereinbefore discussed.

Unless the customer Brietwieser was a party or privy to the earlier suit against Kessler, he is a stranger to that record, and would not have been concluded by a judgment therein in Eldred's favor, and hence is not protected by the judgment therein in Kessler's favor.

The record entirely fails to connect him in any wise with that earlier suit. It has never been judicially determined that the subsequent manufacture of similar articles to those which were before a court would constitute the same cause of action as did the manufacture of those articles which were before the court, and certainly privity of a customer to the earlier suit cannot in any event be predicated upon his purchase of goods from the original defendant, unless it affirmatively appear that such purchase was made subsequent to the judgment.

An affirmative answer to these questions would be to rule that a court of equity has jurisdiction over bills brought to enforce a purely legal defense. A statement of this proposition would seem to show the absurdity of it. If the judgment in *Eldred* v. *Kessler* renders *res adjudicata* the question of infringement of the Chambers patent by the manufacture, use, or sale, by Kessler, of lighters simiar to the lighter therein adjudicated upon, and if Breitwieser was privy to that cause then he has a perfect legal defense to the suit which has been brought against him. The language hereinbefore quoted from *Hapgood* v. *Hewitt*, 119 U. S., 226, and now repeated, might as well have been predicated upon the facts appearing in this record as in that one:

> "The theory of the bill is, that there is a perfect defense to such a suit. In such a case a court of equity, certainly a Circuit Court of the United States, will not interfere to enjoin even a pending suit at law much less the bringing of one in the future."

The conclusion of this court in *Wilson* v. *Lambert*, 168 U. S., 611, already referred to and now repeated, is also exactly in point:

> "We adopt the observation made in the dissenting opinion in the Court of Appeals; 'there can be no reason or propriety in appealing to a court of equity to restrain proceedings that are being regularly conducted in other courts, competent to construe the statutes under which they act, and to decide every question that may arise in the course of the proceedings.'"

As has already been remarked, every question which could be raised in this record could, with equal propriety, be raised in the Breitwieser suit and could there be considered on a full record.

The anomalous situation created by the diversity between the two Circuit Courts of Appeals in applying the Chambers patent to such a lighter as that made by Kessler adds emphasis to the impropriety of checking such a full and complete adjudication of the questions which arise in the Breitwieser suit as will make it possible to secure a final decision of the question which will remove this conflict. It is of prime importance that a patent shall be given the same interpretation and scope throughout the entire country and as applied to all persons. It is an absurdity that this patent shall mean one thing in one section of the country and as applied to the goods of one manufacturer, and quite a different thing in another section of the country and as applied to the goods manufactured by other parties. Unless, therefore, the record shows that there is a complete estoppel to any claim set up under the Chambers patent against any lighters manufactured by Kessler, whenever they may have been made or in whatsover hands they may be found, it would seem

to be of the utmost importance that there should be no interference with the Breitwieser suit to the end that the existing anomaly above referred to may be removed.

The third question is as follows:

> "Did Kessler's assumption of the defense of Eldred's suit against Breitwieser deprive Kessler of the right, if that right would otherwise exist, of proceeding against Eldred in the state and district of his citizenship and residence for wrongfully interfering with Kessler's business?"

The record herein shows that Kessler has assumed the defense of the Breitwieser suit. Under the authorities hereinbefore cited the presumption is that he has therein set up all of the defenses available. If he has not done so he is not entitled to invoke the aid of an equity court to remedy his omission.

There cannot possibly be any ground for the bill in the present case, except that it is predicated upon an estoppel in favor of Breitwieser. If such estoppel exist it was a good and legal defense to the Breitwieser suit, it was entirely available to Kessler in that case, and the presumption is that he availed himself of it.

He must therefore be held to have had his day in court on this question as between himself and Eldred, and if any estoppel can be found anywhere in this case it is an estoppel operative against Kessler, rendering the whole question as between himself and Eldred *res adjudicata* because of the latter's intervention in the Breitwieser suit.

Not only was the defense of estoppel available in the Breitwieser suit, if anywhere, but it is perfectly obvious that if there was such a defense its use there would have served the very purpose sought here to be attained by Kessler. In assuming the defense of the Breitwieser case Kessler was acting in his own interests. He was

seeking to save his own business by saving his customers.

The inference is perfectly justifiable from the record herein, that his only reason for bringing this suit was to shift the scene of action from one forum to another. It is an attempted misuse of a court of equity to thus seek to have it assume the determination of a question already at issue in another court of competent jurisdiction.

It is asserted in the brief on behalf of Kessler (page 31) that

> "He [Kessler] is not a party to that [Breitwieser] case, and has no relation to it except as paymaster of fees and expenses. Has done nothing in that case to estop him from proceeding in this case."

It is respectfully suggested that this matter is *de hors* the record, but if this court consider it necessary, in order to answer the questions certified, that the facts in the Breitwieser case be before it, it order the record in that cause brought up.

If matter *de hors* the record be considered, then we deem it proper to say that as a matter of fact Kessler petitioned the court having jurisdiction of the Breitwieser suit to be made a party thereto; his petition was granted; he entered a plea of estoppel in view of the judgment in *Eldred* v. *Kessler;* that plea was overruled; he stood on the plea, and a final decree has been entered sustaining the patent, finding infringement and granting a perpetual injunction.

The fourth question reads as follows:

> "If Eldred's acts were wrongful, had Kessler an adequate remedy at law?"

The answer to this question is found in the inquiry as to the kind of a suit Kessler will bring against Eldred if

he seeks to recover damages for injury to his business. Such suit necessarily will be a suit at law and will present no questions which may be submitted to the equity side of the court.

If a suit at law is the proper remedy for any wrong which Kessler may believe has been done to him, then it must be held that he has an adequate remedy at law. It will not do for him to argue that difficulties will present themselves in establishing his rights by proper proof. This is not a ground upon which equity may acquire jurisdiction, and such difficulties cannot be assumed to exist. No contention of inadequacy of remedy which would not entitle Kessler to seek damages from Eldred by means of a chancery suit, can possibly justify an interference with Eldred in a *bona fide* effort to litigate a claim against a customer of Kessler's.

As the record here shows, Kessler has alleged that many of his

> "customers were intimidated by the Breitwieser suit so that they ceased to send in further orders for lighters and refused to pay their accounts for lighters already sold and delivered to them."

Kessler makes this assertion, the ground upon which he seeks the restraining order prayed for. If it is a true statement it can be established by proof, and if it shall appear that in bringing the Breitwieser suit Eldred was guilty of a wrongful act towards Kessler, the result of which act was the loss of business complained of, then Eldred would doubtless be liable and a suit for damages would lie against him.

If the statement is not capable of substantiation by proof, then the whole ground on which the restraining

order here prayed for is sought is visionary and unsubstantial.

We respectfully submit that the first and second questions should be answered in the negative and the third and fourth questions should be answered in the affirmative.

Respectfully submitted,

CHARLES C. LINTHICUM,
LOUIS K. GILLSON,
Counsel for Eldred.

January, 1907.



FILE COPY.

OFFICE OF THE CLERK
RECEIVED
MAY 27 1907
SUPREME COURT U. S.

Supreme Court of the United States

OCTOBER TERM, A. D. 1906.

No. 196.

WILLIAM F. KESSLER

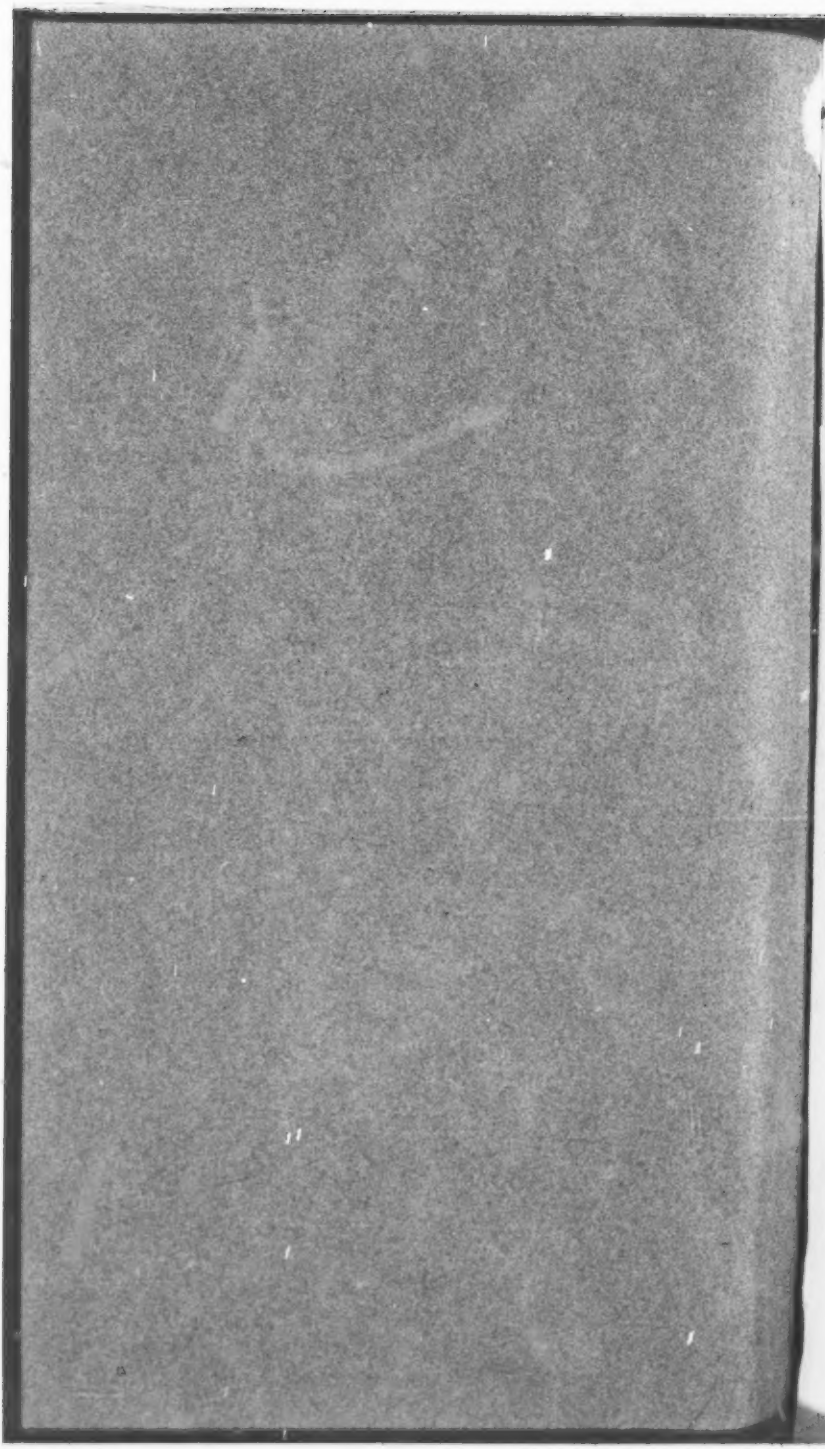
vs.

GEORGE S. ELDRED.

PETITION FOR REHEARING.

CHARLES C. LINTHICUM,
LOUIS K. GILLSON,
Counsel for Petitioner.

Business Bros., Law Printers, 158 Dearborn St., Chicago.



IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1906.

No. 196.

WILLIAM F. KESSLER

vs.

GEORGE S. ELDRED.

PETITION FOR REHEARING.

Comes now the said George S. Eldred, and petitions this Honorable Court for a rehearing upon the questions certified to this court by the United States Circuit Court of Appeals for the Seventh Circuit, and for grounds of such petition shows:

First. That, as appears from the statement of facts accompanying the questions certified by the Circuit Court of Appeals for the Seventh Circuit to this court for its instructions, your petitioner is the owner of the Chambers patent, and is a manufacturer of the cigar lighters covered by the said patent.

And your petitioner further shows that the manufacture of the cigar lighters covered in and by said patent is

your petitioner's sole business; that he has been engaged therein for many years, and has a great deal of money invested in the manufacturing and marketing of said articles; that he has had and enjoyed an extensive trade in the said articles throughout the United States, and without material competition or interference from other manufacturers save the said William F. Kessler.

Second. Your petitioner further shows that, as appears by said statement of facts, your petitioner obtained the judgment of the Circuit Court of Appeals for the Second Circuit that said Chambers patent was valid, said decision having been rendered long after the decision in the Circuit Court of Appeals for the Seventh Circuit in favor of the said Kessler, and that the structure which was held to be an infringement in said case in the Second Circuit was identical with the Kessler lighter held not to be an infringement in the Seventh Circuit; that your petitioner has a large business in said cigar lighters in the said Second Circuit which will be destroyed if, in accordance with the decision of this court, any person purchasing said Kessler lighters is free to sell and deal in the same within said Second Circuit notwithstanding your petitioner's patent has been held to be valid and infringed by the Court of Appeals of said Second Circuit.

Third. Your petitioner further shows that since the filing of the bill of complaint herein, the Circuit Court of the United States for the Western District of New York, in the suit of your petitioner against said Breitweiser, has overruled a plea setting up the judgment in the suit of your petitioner against Kessler in the Seventh Circuit, and has entered a final decree against said Breitweiser therein, and that no appeal has been taken from the said decree; that the defense of the said suit against Breit-

weiser was conducted solely by the said William F. Kessler, and that said Kessler fully submitted himself to the jurisdiction of said court, and interposed said plea before the filing of the bill herein, which said suit was pending at the time said bill herein was filed, and that by reason thereof the said Kessler should have been held barred from maintaining this suit.

Fourth. Your petitioner further shows that the question involved herein is of great public importance; that, as he is advised and believes, this question has never before been raised or decided in any court in this country; that your petitioner employed counsel to assist in the trial of this said cause, and relied upon the said counsel to be present at the time the same was reached upon the call of the docket of this court, but that the said counsel, as well as the counsel for the said Kessler, was at that time engaged in preparation for the argument of the case of The Indiana Manufacturing Company against The J. I. Case Threshing Machine Company in the Circuit Court of Appeals for the Seventh Circuit, which said case was also of vast importance, as your petitioner is informed and believes, and on the argument of which the counsel for your petitioner and for the said Kessler were both required to be present and were present and made oral arguments therein, to wit, on the 31st day of January and the 1st day of February, 1907, at about which time this case would have been reached for trial in this court; and that owing to the impossibility of attending upon the hearing in this court and in the Court of Appeals the counsel for the parties hereto, by agreement between themselves, submitted this case upon briefs, and without oral argument. Your petitioner is informed that the said suit of The Indiana Manufacturing Company against The J. I. Case

Threshing Machine Company has now been brought before this court on petition for a writ of certiorari, which is to be presented concurrently with the presentation of this petition.

Fifth. Your petitioner further shows that the effect of the decision of this court is to make practically worthless your petitioner's said patent and to destroy his business; and that, in view of the importance of the question involved herein, your petitioner is advised that a rehearing should be granted to enable the questions submitted to and answered by this Honorable Court to be more fully argued.

Sixth. Your petitioner further represents and shows to your Honors that this cause came into the Circuit Court of Appeals on an appeal from a decision sustaining a demurrer to the bill of complaint, and that the statement of facts contained in the certificate was taken from the bill of complaint alone, and are merely the allegations of the pleader, and were admitted by the demurrer, and which allegations your petitioner will be entitled to and will deny should his demurrer be overruled, with leave to answer; that said bill did not show that said Kessler had set up as a bar the decision in his favor in the Seventh Circuit by a plea in said Breitweiser suit. And your petitioner further represents and shows to your Honors that, in order to do justice to your petitioner, this Honorable Court should require to be sent up from the Circuit Court of Appeals for the Seventh Circuit the complete record herein, and also the record in the Circuit Court of Appeals for the Western District of New York in the suit of your petitioner against Breitweiser.

Seventh. Your petitioner further shows that, in view of the direct conflict of opinion between the Circuit Court of Appeals for the Seventh Circuit and the Circuit Court of Appeals for the Second Circuit, upon identically the same subject-matter, and upon identically the same point necessary to the decision in each case, this Honorable Court should require that the record in the original suit of your petitioner against Kessler in the Seventh Circuit, as well as the record in the suit of your petitioner against Kirkland in the Second Circuit, be also sent to this court for its consideration.

Eighth. Your petitioner further shows unto your Honors that the necessary effect of the decision of this court, as your petitioner is advised, is that your petitioner is not entitled to proceed in the suit against the said Breitweiser, and that if an injunction be awarded in the suit against your petitioner in accordance with the prayer of the bill, it will prevent your petitioner from enforcing his said decree against Breitweiser, notwithstanding that this court has said in its opinion that it expresses no opinion as to whether or not the judgment in favor of Kessler precludes your petitioner from enforcing said patent as to Breitweiser; and further, that the necessary effect and result of the decision of this court is that by an injunction granted by the Circuit Court of the United States for the Northern District of Illinois, the suit against the said Breitweiser cannot be further prosecuted, notwithstanding the assumption of the defense therein by Kessler.

Your petitioner therefore prays that a rehearing may be granted on the questions certified by this court.

GEORGE S. ELDRED.
Petitioner.

State of Illinois, County of Cook, ss.

Louis K. Gillson, being duly sworn, on oath deposes and says: I am solicitor and of counsel for petitioner hereinabove named; that I have read said petition and know the contents thereof and that the same is true except as to the matters therein stated on information and belief, and as to these matters I believe it to be true, and I further say that said petition is not filed for the purpose of delay, but that justice may be done.

LOUIS K. GILLSON.

Subscribed and sworn to before me this 25th day of May, 1907.

ELLA M. KLATCHER,
Notary Public.

I hereby certify that, in my opinion, the foregoing petition is well founded in point of law.

CHARLES C. LINTHICUM,
Counsel for Petitioner.

CHICAGO, May 25, 1907.

Supreme Court of the United States.

No. 196.—October Term, 1906.

William F. Kessler vs. George Eldred. } On a certificate from the United States Circuit Court of Appeals for the Seventh Circuit.

[May 13, 1907.]

This case comes to this court from the Circuit Court of Appeals for the Seventh Circuit upon a certificate of that court of questions of law concerning which it desires instructions. Accompanying the certificate is a statement of facts. The statement of the facts and the certificate of the questions of law are as follows:

Kesser, a citizen of Indiana, prior to 1898 had built up an extensive business in the manufacture and sale of electric cigar lighters, and had customers throughout the United States. Eldred, a citizen of Illinois, and an inhabitant of the Northern District, was the owner of patent No. 492,913, issued to Chambers on March 7, 1893, for an electric lamp lighter. Eldred was a competitor of Kessler's and manufactured a similar form of lighter (entirely dissimilar from that described in the Chambers patent), so that it was not a matter of much importance to customers which lighter they bought. In 1898 Eldred began a suit against Kessler in the District of Indiana for the infringement of the Chambers patent. The bill alleged that Kessler's manufacture and sale of the Kessler lighter infringed all the claims. The answer denied that Kessler's lighter infringed any of the Chambers claims. On final hearing the Circuit Court found for Kessler on the issue of non-infringement and dismissed the bill. That decree was affirmed in 1900 by the Circuit Court of Appeals for the Seventh Circuit. *Eldred* v. *Kessler*, 106 Fed. Rep. 509.

Subsequently, Eldred brought suit on the same patent in the Northern District of New York against Kirkland, who was selling a similar lighter, but not of Kessler's make. The Circuit Court found for Kirkland on the issue of non-infringement and dismissed the bill. The Circuit Court of Appeals for the Second Circuit reversed that decree and held the Kirkland lighter to be an infringement. *Eldred* v. *Kirkland*, 130 Fed. Rep. 342.

In June, 1904, Eldred filed a bill for infringement of the same patent in the Western District of New York against Breitwieser, user of Kessler lighters, which were identical with those held in *Eldred* v. *Kessler*, to be no infringement of the Chambers patent. Many of Kessler's customers

were intimidated by the Breitwieser suit, so that they ceased to send in further orders for lighters and refused to pay their accounts for lighters already sold and delivered to them. Kessler assumed the defense of the Breitwieser suit, and will be compelled in the proper discharge of his duty to his customers to assume the burden and expense of all suits which may be brought by Eldred against other customers. In this state of affairs Kessler, a citizen of Indiana, in July, 1904, filed a bill against Eldred in the Circuit Court for the Northern District of Illinois, the State and district of Eldred's citizenship and residence, to enjoin Eldred from prosecuting any suit in any court of the United States against any one for alleged infringement of the Chambers patent by purchase, use or sale of any electric cigar lighter manufactured by Kessler and identical with the lighter in evidence before the Circuit Court for the District of Indiana and the Circuit Court of Appeals for the Seventh Circuit in the trial and adjudication of the suit of Eldred against Kessler. From an adverse decree by the Circuit Court Kessler perfected an appeal to this court.

Upon the foregoing facts the questions of law concerning which this court desires the instruction and advice of the Supreme Court are these:

First. Did the decree in Kessler's favor, rendered by the Circuit Court for the District of Indiana in the suit of Eldred against Kessler, have the effect of entitling Kessler to continue the business of manufacturing and selling throughout the United States the same lighter he had theretofore been manufacturing and selling, without molestation by Eldred through the Chambers patent?

Second. Did the decree mentioned in the first question have the effect of making a suit by Eldred against any customer of Kessler's for alleged infringement of the Chambers patent by use or sale of Kessler's lighters a wrongful interference by Eldred with Kessler's business?

Third. Did Kessler's assumption of the defense of Eldred's suit against Breitwieser deprive Kessler of the right, if that right would otherwise exist, of proceeding against Eldred in the State and district of his citizenship and residence for wrongfully interfering with Kessler's business?

Fourth. If Eldred's acts were wrongful, had Kessler an adequate remedy at law?

Mr. Justice Moody delivered the opinion of the Court.

The industry of counsel has not discovered any decision on the exact questions presented by the certificate, and they agree that those questions are not settled by controlling authority. The decision of the case turns upon the effect of the judgment in the suit which Eldred brought against Kessler. Both manufactured and sold electric cigar lighters. Eldred,

being the owner of a patent issued to one Chambers for an electric lamp lighter, brought a suit against Kessler, in which it was alleged by the plaintiff and denied by the defendant that the cigar lighters manufactured by Kessler infringed each and all of the claims of the Chambers patent. On the issue thus joined there was final judgment for Kessler. This judgment, whether it proceeds upon good reasons or upon bad reasons, whether it was right or wrong, settled finally and everywhere, and so far as Eldred, by virtue of his ownership of the Chambers patent, was concerned, that Kessler had the right to manufacture, use and sell the electric cigar lighter before the court. The court, having before it the respective rights and duties on the matter in question of the parties to the litigation, conclusively decreed the right of Kessler to manufacture and sell his manufactures free from all interference from Eldred by virtue of the Chambers patent, and the corresponding duty of Eldred to recognize and yield to that right everywhere and always. After this conclusive determination of the respective rights and duties of the parties, Eldred filed a bill for an infringement of the same patent against Breitwieser, on account of his use of the same kind of Kessler cigar lighter which had been passed on in the previous case, and Kessler has assumed the defense of that suit. Whether the judgment between Kessler and Eldred is a bar to the suit of *Eldred* v. *Breitwieser*, either because Breitwieser was a privy to the original judgment, or because the articles themselves were by that judgment freed from the control of that patent, we deem it unnecessary to inquire. We need not stop to consider whether the judgment in the case of *Eldred* v. *Kessler* had any other effect than to fix unalterably the rights and duties of the immediate parties to it, for the reason that only the rights and duties of those parties are necessarily in question here. It may be that the judgment in *Kessler* v. *Eldred* will not afford Breitwieser, a customer of Kessler, a defense to Eldred's suit against him. Upon that question we express no opinion. Neither it nor the case in which it is raised are before us. But the question here is whether, by bringing a suit against one of Kessler's customers, Eldred has violated the right of Kessler. The effect which may reasonably be anticipated of harassing the purchasers of Kessler's manufactures by claims for damages on account of the use of them, would be to diminish Kessler's opportunities for sale. No one wishes to buy anything, if with it he must buy a law suit. That the effect to be anticipated was the actual effect of the Breitwieser suit is shown by the statement of facts. Kessler's customers ceased to send orders for lighters, and even refused to pay for those which had already been delivered. Any action which has such results is manifestly in violation of the obligation of Eldred, and the corresponding right of Kessler, established by the judgment. Leaving entirely out of view any rights which Kessler's customers have or may have, it is Kessler's right that those customers

should, in respect of the articles before the court in the previous judgment, be let alone by Eldred, and it is Eldred's duty to let them alone. The judgment in the previous case fails of the full effect which the law attaches to it if this is not so. If rights between litigants are once established by the final judgment of a court of competent jurisdiction those rights must be recognized in every way, and wherever the judgment is entitled to respect, by those who are bound by it. Having then by virtue of the judgment the right to sell his wares freely without hindrance from Eldred, must Kessler stand by and see that right violated, and then bring an action at law for the resulting damage, or may he prevent the infliction of the unlawful injury by proceedings *in personam* in equity? If Eldred succeeds in his suit against one of Kessler's customers, he will naturally bring suits against others. He may bring suits against others, whether he succeeds in one suit or not. There may be and there is likely to be a multiplicity of suits. It is certain that such suits if unsuccessful would at the same time tend to diminish Kessler's sales and to impose upon him the expense of defending many suits in order to maintain the right which by a judgment has already been declared to exist. If the suits are successful the result will be practically to destroy Kessler's judgment right. Moreover, though the impairment or destruction of Kessler's right would certainly follow from the course of conduct which Eldred has begun, it would be difficult to prove in an action at law the extent of the damage inflicted. An action at law would be entirely inadequate to protect fully Kessler's unquestioned right, and under these circumstances, though there may be no exact precedent, we think that the jurisdiction in equity exists. Nor do we see any good reason why Kessler's interposition for the defense in the suit of *Eldred* v. *Breitwieser* debars him from his remedy in equity.

It follows from the foregoing reasoning that the first and second questions certified should be answered in the affirmative, and the third and fourth in the negative, and

It is so ordered.

True copy.

Test:

Clerk Supreme Court U. S.